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Editor's note

A regular feature of *MSIG* is an article outlining the machinery of government changes that have occurred during the preceding calendar year. We had hoped to include details of the 1974 changes in this edition, but for space reasons we have had to hold over the article until the August edition. However, if any reader has a need to see details of the changes before then, the Editor would be pleased to send an advance copy on request.

Details of machinery of government changes will normally be published in the May edition in future years.

Management in Government

R. W. L. WILDING, Civil Service Department

Introduction

'Management' is a slippery concept, most of all perhaps in the context of Government. This article is offered as a contribution towards pinning it down and describing some of its main features.

When people talk and write about management, they commonly use language in two ways:

(*a*) Descriptively—to analyse and classify the ways in which managers plan, organize, direct and control the use of resources, especially human resources, to get work done.

(*b*) Prescriptively—to guide or instruct in the art of doing those things well.

This mixture of prescription and description is not peculiar to the subject of management; it also occurs in practical sciences like medicine and engineering. Writers about management (including the author) are, however, particularly prone to confuse the two: to pass from description to prescription without establishing their justification—or, perhaps, even noticing that they are doing so. This is partly because the language in which management practices are described is heavily laden with implicit value-judgments; it may be that social phenomena cannot be adequately described in any other way. Partly too because there is not yet any adequate body of empirical observation against which hypotheses can be tested about cause and effect in the behaviour of managers and their staffs, or about the failure or success (two of the value-laden words) of different ways of organizing work. This may be the chief reason why the intellectual rigour and even integrity of management studies are suspect in some quarters and why critics have some grounds for dismissing so-called principles of management as no more than 'administrative proverbs'. But even if we give full weight to their objections, and allow that management, in its present state at least, is an art and not a science, we may still find that it is a useful subject for study: useful in the sense that it can lead to adequately robust conclusions about what is likely to work well and what is not.

Management is, however, a wide and amorphous term. If we are to succeed in establishing it as a useful subject for study, we need to delineate it: define its limits (even if broadly) and indicate its main features. This article is written in the belief that management in government is a subject in its own right which it is possible to delineate in such a way that the field of study which then emerges is potentially a fruitful one.

Scope

When we use the word 'management' in the context of Government, we may apply it to activities which range from the very broad to the very narrow. At one end of the range, the Treasury is said to 'manage' the economy. At the other, an Executive Officer 'manages' a section of half a dozen Clerical Officers. It is evident, however, that the relationships between the Treasury and the economy and between the EO and his COs are dissimilar. Both are concerned with the use of resources, but that is the only point in common between them. If we are to identify management as a useful subject for study, we must define it more narrowly.

The Treasury 'manages the economy' only in a loose or metaphorical sense. A better expression—in this context—might be 'regulates the economy', using the word ' regulate' to embrace intervening in the working of the economy as well as holding the ring for the economic activity of others. The word 'manages' is strictly inappropriate because economic activity is a function of very many *independent* bodies and individuals (indeed of everybody who lives in the country) and is not managed by any single authority. The Government, to put the point even more widely, does not manage the country; it governs it. The difference between managing and governing lies in the fact that the Government's policies, whether economic or social, are frequently carried out—or not carried out—by people who are not its servants; its role is frequently to regulate or provide resources for the carrying out of other people's activity, and not to manage that activity itself.

The activity of Government itself is, of course, something that has to be managed. But here it is useful to draw a further distinction. The word 'management' is frequently used in the private sector to embrace the totality of the direction of an enterprise from the first planning of its future policy to the last detail of its execution. In this sense one can talk about the management of, for example, ICI as a single, total task. The usefulness of talking about the management of government in this way, at any rate where the United Kingdom is concerned, is strictly limited. General statements can be made about the way in which government work is managed and about the constraints within which Civil Service managers have to operate. But the management of government business is not a single, total task. The main reason for this is constitutional. When one examines the relationship between the Prime Minister and his cabinet colleagues, or the relationships between the central Departments (Treasury, Cabinet Office and CSD) and the other Departments of State, it becomes clear that these relationships are looser and more federal in character than those to which the term 'management' can usefully be applied. The central Departments do not manage the rest; the latter manage themselves with a framework of policies and rules, and within a system for the allocation of resources and the monitoring of their use, which are laid down by the centre and depend for their authority on the collective decisions of the Cabinet.

These comments on the normal usage of the words 'manage' and 'management' suggest that they are best used to denote a particular kind of relationship within which resources are used to get work done. The main characteristic of this relationship is that it takes place within what some writers have called an 'employment hierarchy', in which one person (or corporate body such as a Board of Directors) delegates authority to any number of subordinates—and may delegate it very widely indeed—but retains the ultimate responsibility for all the things they do. This distinguishes the relationship of 'manager' and 'managed' from those of customer and contractor or principal and agent—and also of governor and governed or of any two Ministers of the Crown whose mutual relationship is governed by the principle of collective cabinet responsibility. It is in accordance with common usage; it also distinguishes a very important relationship which deserves study in its own right.

If one follows this line of approach, it is at the level of the individual Department that the term 'management' becomes appropriate without metaphor or stretching of the language. This is the level at which one person (the Minister) is directly responsible to Parliament for all the activities of all the staff of his Department, and one or more officials (the Accounting Officers) are directly responsible to him, and accountable to the Public Accounts Committee, for the efficiency with which those activities are conducted. In the context of Government, therefore, the primary use of the term management is most usefully related to the planning, organizing, directing and controlling of the activities of a Department or a part of a Department.

This narrowing of the definition brings management in Government closer to the concept of management in the private sector, where the subject has mainly to do with the management of other corporate entities, namely companies. In some cases, however, there is still a fundamental difference between the management of a Department and the management of most large industrial or commercial enterprises (however loose or federal their structure and organization may be). The difference arises in those cases where the task of formulating the policy and/or providing the financial resources for an activity lies with the Department, but the task of carrying out the activity lies outside central government and is not the job of the Civil Service or other employees of the Crown. Departments vary greatly in this respect. The Ministry of Defence (taking civilian and military servants of the Crown together) has something like a single total management task. At the other extreme, the Department of Education and Science has very few executive functions. DHSS is divided into two main parts, in which the Social Security side has the total management task of both devising and executing policy, while the Health Side has not (execution being in the hands of the NHS). Other Departments display other mixtures, for example, the Home Office, which runs the prisons but not the police and fire services. I shall return to this difference later.

In spite of the difference, it would be wrong to regard the scope of management as embracing only those Departments or parts of Departments which are responsible for what I have described as the total management task. For all Government work, including policy-making, staff and support functions as well as executive operations, is plainly something that has to be managed. Nor, as is sometimes supposed, is the management of the activity of, for example, policy-making a negligible or easy task; in some ways it is more difficult than managing an executive operation. We therefore need a definition of management which will allow for the fact that *all* aspects of departmental activity need to be planned, organized, directed and controlled.

Another characteristic of Government Departments, though not universal, deserves to be noted at this point: the heterogeneous character of the functions that are allotted to some Departments and have to be managed by them. Here again is a fundamental difference between a Government Department and most private sector enterprises. For while a private sector enterprise may be very highly diversified, it *chooses* the markets into which it will diversify, and may be presumed to limit its range to a collection of activities which are mutually compatible and capable of being managed as some sort of entity (the fact that private enterprises occasionally get this wrong does not rebut the presumption). In the case of a Government Department, this presumption does not hold. Of course, in the process of dividing up Government functions between Ministers and Departments, efforts are made—and usually with fair success—to achieve the best possible fit and produce Departments which are manageable. But the basic situation is quite different from that of private concerns. Taking the 'market' as the whole range of all the aspects of the life of the country in which the Government is required, or has decided, to be active, Government Departments must between them cover the *whole* of the market. The Prime Minister, advised by CSD, must divide up the whole into a number of departmental units, and the number of those units is governed by a range of constraining factors, including the number of senior Ministers he wishes to have in his Cabinet, the weight he wishes to allot to their respective jobs, the number of Ministerial offices allowed by law, and so on. It is, therefore, a continuing and unavoidable fact that some Departments at least will be responsible for very different sorts of tasks, which have little or no connection with each other, and with purposes which cannot be comprised within a single statement of aim. Our definition of management in the context of Government must, therefore, avoid the implication that a Government Department is necessarily an entity which can be directed as a whole towards a single aim or purpose.

A difficulty which has been quite commonly expressed since 'management' became a fashionable word is that of distinguishing management from other activities. It is evident that civil servants engage in many activities which are not aptly described as 'managing'. For example,

they write briefs, they negotiate, they conduct scientific experiments, they sit at their desks deciding difficult individual cases—the list is endless. Where, it is asked, do these other activities end and management begin? What is the area of activity which we can distinctively and exclusively designate as management? The difficulty appears most acute when 'management' is contrasted with 'administration'; many civil servants administer statutory and other schemes, or engage in legislative or other activity which can suitably be described as 'administration'; what, exactly, is the difference between management and administration?

I believe that this difficulty is mainly, perhaps even wholly, a semantic one. Partly, it arises from what might be described as a confusion of logical categories. It is convenient to describe different types of activity with words which convey their character in a rough kind of short-hand; research, establishments and finance work, policy-planning, forecasting and case-work are examples which spring to mind. All these, however, are, so to speak, primary words denoting primary activities: the things people do. 'Management' on the other hand is a second-order word denoting a second-order activity: that of planning, organizing, directing and controlling primary activities. The activity of case-work (to take the last of the examples I have quoted), in common with all other Civil Service activities, is something that needs to be managed—indeed always is managed, either well or badly. ' Is his job management or case-work?' is, therefore, a meaningless question. If the person concerned is doing something which can suitably be called case-work, and if he has staff under him whose work he must in some degree plan, organize, etc., he does both; he spends at least part of his time on the management of case-work.

When we come to 'administration', the confusion is greater because administration is an even more slippery concept than management; a recent book has identified some 15 distinct meanings or applications of the word. Equally, however, the confusion is unimportant. One can use 'administration' as a portmanteau expression which conveniently covers a number of primary activities, or more widely still as embracing a total task (for example, 'administering' the Social Security legislation covers the planning of policy, the amendment of the legislation and the executive operation of paying benefits—including the management of that operation). But provided that we are clear about what we mean by 'management', either as the second-order activity of planning, organizing, etc., primary administrative activities or as a distinct ingredient of a total administrative task, we can cheerfully allow 'administration' whatever meaning Humpty-Dumpty chooses for it.

Provisional definition

To sum up so far, our definition of management in the context of Government should:

(*a*) Relate primarily to the organizational framework within which a

managerial relationship exists, namely a Government Department or subordinate parts of a Government Department.

(*b*) Embrace those areas of activity in which the Department is responsible for part of the managerial task as well as those in which it is responsible for the whole of it.

(*c*) Avoid the implication that a Department can necessarily be directed as a single entity towards a single aim or purpose.

(*d*) Distinguish the second-order concept of management from the first-order concept of the various activities that have to be managed.

As a basis for comment and discussion—no more, since this is very much a first shot—the following provisional definition may be worth considering:

> 'The study of management in Government is the study of the use of resources by Government Departments in playing their part in the formation and execution of Government policy. It covers the systems, methods, working relationships and organizational structures which the Department requires for this purpose, and the activities of planning, organizing and controlling its work and of managing its staff.'

Some notes on the definition

The definition I have provisionally suggested is intended to distinguish management in Government from the other subjects which may be regarded as the staple diet of the discipline (if that is the right word) of Public Administration, e.g. the machinery of government, the relationships between the executive and the legislature, collective Cabinet responsibility, relationships between central and local government. This is largely a matter of convenience, because one must break up the subject somehow; I do not mean to suggest that Public Administration faculties are wrong to concern themselves with the subject of management. There is, however, a difference between the topics mentioned above, which are mainly concerned with the structure of our governmental framework and its development, and the way in which Government Departments set about the task of using resources within that framework. The former has received much more serious and thoughtful study than the latter, and it is time that the balance was redressed.

The definition also suggests a difference between management and the more basic disciplines of economics, statistics, sociology and so on. It would probably be a mistake to try to draw the dividing-line too precisely; it is, for example, unprofitable to debate whether a relatively simple decision-making technique such as DCF should be in the tool-bag of every manager, and thus regarded as a part of management, while more sophisticated approaches should remain the province of the specialist, and thus regarded as a part of economics or statistics. But

how a Government Department analyses its policies, plans the allocation of its resources, controls the spending of its money and the deployment of its staff, runs its executive operations and looks after its staff: this is a separately identifiable subject, worthy of study in its own right.

The definition does not exclude the study of systems which cross departmental frontiers, e.g. financial control by the Treasury or manpower control by CSD. But it concentrates on the part which the Department itself (central or other) plays in those systems and the arrangements it needs to do so effectively.

Similarly, it does not exclude the study of systems which extend beyond the individual Department to non-central Government agencies (NHS, local authorities, etc.), but again concentrates on the Department's part in those systems and the arrangements it needs.

The definition includes the systems, arrangements, management practices and management 'style' which the Department needs to get and keep an effective and contented staff. This may appear controversial to those who regard personnel management as a separate subject from management. It is not intended in any way to diminish the importance of personnel management. It does, however, seek to put it in its right context as one of the crucial aspects of management—arguably the most crucial—which must be handled effectively if the Department is to do its job effectively, and must therefore be related to the job (or jobs) the Department is there to do.

Examples of subjects worth studying

I have suggested that the way in which Departments set about the task of using resources is a subject deserving of study. Here are two examples.

Planning and control systems

The arrangements which Departments need for effective planning and control are by no means the same in, for example, the management of a large R and D or building project, the running of a research establishment, and a regional set-up with a network of local offices. They vary, too, when the Department has what has been described as the total management task from where it has only a part of it. The relationships between those who make the policy and provide the resources on the one hand and those who execute the policy on the other are quite different in these two cases. But the policy-makers share a common problem: what information do they require in order to take decisions on questions of policy and allocation of resources, and how should they seek to discover and assess the success of their policies and the effectiveness with which their resources are being deployed?

This problem of planning and control applies to almost all Government activities and has to be solved in the context not just of the two broad kinds of relationships mentioned above but of a wide range of relationships which differ, sometimes subtly, but almost always significantly, from the point of view of selecting a planning and control

system which will be appropriate to the relationship. Consider the following examples:

(*a*) *In R and D*

(i) The relationship between a Department and a commercial contractor who has undertaken a piece of commissioned work.

(ii) The relationship between DES and the Advisory Board for the Research Councils, which allocates money for research between the five Research Councils.

(iii) The relationship between the top management of a Department and an in-house research establishment.

In each case the relationship is different; in each case the Department needs an appropriate system for resource allocation and control.

(*b*) *In relation to industry*

(i) The relationship between a sponsoring Department and a nationalized industry.

(ii) The relationship between the Department of Industry and a firm which is being aided under the Industry Act 1972.

(iii) The relationship between the Procurement Executive and the Royal Ordnance Factories.

What system does the Department require in each case for appraisal, decision, and subsequent monitoring (note that this is a quite different question from what techniques (e.g. DCF) are required in order to appraise a specific proposal for investment)?

(*c*) *In relation to social policy*

(i) The relationship between the Headquarters of DHSS and the network of social security offices.

(ii) The relationship between DHSS and the appointed Regional and Area Health Authorities of the NHS.

(iii) The relationship between DHSS and elected local authorities in relation to personal social services.

The one Department encapsulates three different types of relationship; the Department's powers are significantly different in each case. But, again, the problem of planning, resource-allocation and control is common.

Managing a network of regional and local offices

There are several such networks (e.g. DHSS, Inland Revenue, Customs, MAFF), a high proportion of all civil servants are employed in them and they give rise to major problems of management. The following is a selection:

(1) The best size, number and geographical spread of the local offices in the network.

(2) Communication: how to ensure that the local officers understand

the intention of and reason for their instructions, and that Headquarters understands their problems.

(3) Careers and mobility.

(4) How to reconcile the necessary degree of nation-wide uniformity (e.g. in the administration of a statute) with adequate local flexibility and local managerial authority.

(5) The role of the regional office and what Headquarters should delegate to it.

(6) The relationships between the local and regional offices on the one hand and Headquarters on the other. Should there be a single authority at HQ responsible for the totality of the regional organization (sometimes there is, sometimes not)?

(7) Are the answers to some of the above problems the same when the regional/local organization is responsible for a variety of different functions (which may be manned by staff in different classes) as when the task is homogeneous?

This list (selected almost at random) contains problems or parts of problems which affect managers at three levels of organization and at every grading level from HEO to Permanent Secretary. Departments, and individual managers, work out their own solutions *ad hoc*. To some extent, that is as it should be. The jobs of the regional and local networks differ, and there is no Platonic ideal laid up in Heaven. Equally, however, many of the management problems involved in setting up, running and adapting these networks are common, capable of analysis, and of major practical importance to the efficient running of the Service.

What these examples illustrate is the extent to which the problems of management in the Civil Service arise from, and need to be examined in the context of, the types of work and the structural relationships in which civil servants have to carry out their functions as managers and exercise managerial skills. In both cases, the problems have quite a lot in common with analogous problems in private industry and commerce, and it must be part of the job of civil servants who study, teach and practise management to keep abreast of what is done in the private sector and the literature that is written about it. At the same time, however, they are also to some extent peculiar to the Civil Service because of the different aims, purposes, criteria of success and constitutional relationships that apply to Government work.

A subject in its own right

It remains to explore the last point a little further: to show that Civil Service management is a distinct subject in its own right, and that it is not enough to take managerial and organizational theory as they have been developed in the private sector, substitute 'Department' for 'company' in all appropriate places in the textbooks, and swallow the mixture as prescribed.

One reason why this will not do is that there is no authenticated

mixture to swallow. Even if private sector management theory were wholly applicable to Civil Service management, it has not (to put it mildly) reached the stage at which it can be said to provide any consistent or reliable guidance. A second reason, however, is more important. The business of Government is different and needs to be managed in a different way. To return to the definition, we must develop our own systems, methods and organizational structures—to fit the different sort of job we have to do.

Some of the reasons for this have already emerged. The systems for planning and control which are required where the execution of policy is the responsibility of independent or quasi-independent bodies are *sui generis* and peculiar to Government. Departments comprise bundles of disparate functions and are often not entities which can be directed as a whole towards a single aim or purpose. But it seems worth while to mention some further differences, which illustrate still more clearly why the Civil Service should develop its own approach to management. They are discussed under four headings, though they are closely related to each other, and the division is to some extent artificial.

Interaction with the environment

No enterprise, public or private, exists in a vacuum; each finds its actions both stimulated and limited by the environment in which it exists, and each finds that its own actions modify that environment to some extent. In many parts of the Civil Service, however, both incoming and outgoing influences are more important than they are in most other kinds of employment. Examples of external forces acting upon the way in which the work of the Service is managed are legion: a prime example is their effect upon timing. Ministers announce a new scheme, often something which has been developed when they were in opposition. As soon as it is announced the pressure is on the Civil Service to put it into effect. The policy-maker has to bring together the contributions from advisers and the results of major analytical work and process the whole matter through consultations with outside interests and other Departments, submission to Ministers, the Parliamentary process of legislation and so forth. At the same time he or others must plan the process of implementation, often nowadays including procedures which must be computerized, the placing and provision of new offices, the finding and training of staff and so on; the time-scale is such that the process of implementation must be well under way before the scheme is in final shape (so that late changes, e.g. at the legislative stage, may knock arrangements for implementation sideways at the last minute), and the reactions both of the public who will be affected by the working of the scheme and, nowadays, of the staff who will have to carry it out may equally, as they become clear, lead to hasty revision either of the scheme itself or of the way it is implemented or both. Project management in such circumstances may diverge a long way from textbook examples.

Speed of reaction and improvisation, flexible arrangements for co-ordination and rapid consultation with staff and other interests assume great importance. At the same time, the arrangements for running the old scheme or the existing state of affairs must be kept in efficient working order until D-day minus one, and all problems of transition provided for. Such paramount pressures on time have major implications for the way in which large-scale projects involving legislation should be organized and managed; and though the record has been pretty good on the whole, we need as a Service to develop still better ways of carrying through the major managerial operations on which our reputation quite largely depends.

The other aspect of this point is the extent to which the work of the Service itself modifies the environment. This underlines the importance of assessing both the future consequences of Government decisions before they are taken and the present effects of policies which have been launched in the past. This is an aspect of planning and control (or monitoring) in which the Civil Service has to pioneer methods more advanced in scope and complexity than any commercial or industrial concern, since our results are external to the Government Departments which bring them about, are not necessarily revealed by the processes they operate, and cannot be measured by market-share, turnover or profit. How we should organize ourselves to make these assessments, what information we need and how we can get it, are all questions proper to the study and teaching of Civil Service management.

The assessment of performance

A related question which managers in Government and the private sector alike have continually to ask themselves is 'how do we know whether we are doing a good job?' What is the test of success? For at least two reasons, the Civil Service has to develop its own ways of answering this question. The first and most obvious is that we lack the common yardstick of profit. This is well-trodden ground and not much need be said about it here. But it may be worth while to point out that it applies even to those Government activities which are most commercial in character, e.g. the trading activities of the Royal Ordnance Factories. Because they exist to meet certain needs of Government (even if those needs can only be met at a loss), because their customers are tied, and because the ROFs themselves may not choose the most profitable market lines and refuse work they do not want, the profit or the return they earn on the capital employed in the business cannot be the main test of their performance. It is one test, but only one. They therefore have to devise indicators of performance which are multiple, complex and often (in trading as well as in other activities) not capable of reduction to the common yardstick of money. This is not to say that private sector business can rely on the sole yardstick of profitability either. But without it, the Civil Service undoubtedly has a more formidable and complex problem in assessing

performance, and the information systems it requires are more difficult to devise.

Even more significant, however, is the different relationship between Government and its 'market'. Once Ministerial decisions have been taken, Departments have no choice about what services they shall provide. Where they do have some room for manoeuvre (subject to Ministerial direction) is over the question to what standard these services shall be provided. Should they aim at an error-rate of nil? Should they double-check every assessment to tax? How often should the factory inspector visit the factory or the Customs officer the warehouse? Given that there must be limits to Government expenditure and Civil Service manpower, one way of putting this is to say that the task is one of compressing the market—as opposed to the private sector task of expanding it. Another is to say that our tests of performance (first and most obviously where services are directly rendered to the public, but at the end of the day over the whole range of Civil Service activity) are political in character: public acceptability occupies for us something like the same paramount position as a criterion as profitability for the private sector. The task of the Civil Service manager in selecting priorities and devising indicators of performance is, therefore, different from the manager's in the private sector: he must adopt a set of priorities for his various activities which safeguards an acceptable standard of performance over the whole range of what the public and his Ministers require him to do, and must refer to a different set of criteria in order to determine what constitutes that acceptable standard. Each Department, or part of a Department, must develop its own criteria for the tasks it has to perform. But there are common ways of tackling the problem and of providing the factual basis on which the necessary element of subjective judgment can be more securely founded. This again is a field in which we can learn from the private sector but need to develop our own ways of going further.

The wider frame of reference

The private sector manager plans, organizes, directs and controls his operations largely within the context of his own organization. The Civil Service manager does those things within a wider context—that aspect of the life of the whole country with which his Department is concerned. This difference emerges most clearly, perhaps, in the field of planning.

One of the major developments in management theory and practice over the last 10 years or so has been the growth of strategic or corporate planning. A great deal has been written on the subject, it has become one of the main subjects of business teaching and training, and the Civil Service has been urged to import its principles and practice into central government. At the same time the Fulton Committee recommended the general introduction of planning units into Government Departments. In the event, Departments have developed their planning

machinery in different ways, and have evidently found it very difficult to apply the concepts of corporate planning to their own activities.

One major reason for this is the difference between the frames of reference of the private sector and the government service. The planning of a private sector enterprise, however large and diversified, is about the future of the enterprise itself; it is mainly directed to its own survival, growth and profitability. The enterprise can therefore develop a forward plan for its own future, and this can appropriately be termed a 'corporate' plan, since it relates to the enterprise (where it is going and what it should be like in five years' time) as a thing in itself. The planning of a Government Department is quite different. It is not the business of a Government Department to plan its own survival and expansion. In matters of management it is, of course, its business to plan its own operations and its future capacity to execute Ministerial policy. But, where that policy is concerned, its frame of reference typically extends outside the Department itself; its job is, under Ministerial direction, to plan the education system or the health system or the system for assistance to industry, for the country as a whole. It is thus primarily concerned with the future of education or the health service, etc., and not with its own future; and if it deals with a series of disparate and largely unconnected subjects, there is no reason to suppose that it will be able to produce a unified 'corporate' plan covering the whole field of its activity. Planning, which is certainly one of the elements of management, is therefore a different kind of activity when it takes place in a Government Department; it needs a different kind of analysis, and study as a subject in its own right.

The 'ethos' of Civil Service work

In a recent lecture, subsequently published in this journal,* Mr. Cuckney, then the Head of the Property Services Agency, himself a businessman imported into Government, warned against the 'fallacious and even dangerous assumption that standards of Government cannot but be improved by harnessing organizational forms and procedures borrowed from the private sector, and by giving individual civil servants something approximating as nearly as may be to a profit motive'. He went on to refer to the difficulty of isolating and defining the accountability of individuals and of particular units in Government, and to deprecate the idea that the desire to optimize personal performance should become the dominating motive among civil servants.

One has to pick one's way carefully through this tangled topic. There is no doubt that the Civil Service has a good deal to learn from the private sector, perhaps above all as Mr. Cuckney also said, in counting the cost of its activities, but also in other approaches to improving both effectiveness and efficiency. At the same time, most

* *The Commercial Approach to Government Operations*, J. G. Cuckney, August 1974 edition.

civil servants would recognize the truth of what Mr. Cuckney said. It is possible to exaggerate the differences between the private sector and the public sector in this respect: personal competition has to be tempered by co-operation in any enterprise, however entrepreneurial its character. Nevertheless, principles of accountability and personnel management in the Civil Service have to be devised against a different background.

The nature of the difference has not yet been given the careful thought and analysis it needs. Part of it, however, surely derives from the constitutional position of the civil servant. While he is the servant of the Minister in charge of his Department, he is also in a very real sense the servant of the Government of the day, regarded as a single whole. This fact, which derives from the collective responsibility of the Cabinet, has a pervasive influence on the way he conducts his business and the criteria by which his performance should be judged. In carrying out the operations of his own Department, or unit within the Department, he has a positive responsibility to reconcile his own objectives with those of other units and other Departments—since, if one Department or unit is seen to be doing or saying something which is manifestly incompatible with what another Department is doing or saying, this represents, as it were by definition, a breakdown of the system within which he has to operate. This is one major reason why Mr. Cuckney was right to identify co-operation rather than competition as a basic principle of management in the Civil Service.

The point can be taken further. For good reasons we have not so far geared the system of pay in the non-industrial Civil Service to productivity, achievement of results or individual merit. Without necessarily committing oneself to the absolute proposition that the Civil Service should never go down this road in any part or any circumstance, one may still observe that the increasing emphasis which staff put on both fairness and solidarity between peers is making the climate increasingly unfavourable to any such development which differentiates rewards between civil servants working at the same level. This may be a general tendency, not confined to the Civil Service or public sector. But it reinforces the point that we have a special need to devise systems of management which emphasize co-operation rather than competition and encourage staff at all levels to find appropriate ways of giving effect to the former.

Both points made above—and others made by Mr. Cuckney in his lecture—illustrate the difficulty of operating a system of management which depends upon setting personal objectives for the individual and assessing his performance by his success or failure in reaching them. The implications of this deserve fuller study than they have so far received as part of the study of management in Government. For example, they seem likely to modify the notion of personal accountability (matched with commensurate authority) as developed in earlier private sector thinking, and to affect the systems we develop for rewards,

incentives and the assessment of individual performance. At the same time, however, it is evident that, in the absence of the yardstick of profitability, the definition of the aims and objectives of Departments (and units within Departments) and the development of reliable methods of assessing progress towards them is a matter of even greater importance for the management of Government than it is for the management of private enterprise. For, given that a public service institution has to satisfy (even if minimally) the whole of its market, and given that vote-financed Departments have no in-built incentive to improve their efficiency by cutting their costs and reducing their manpower—sadly the reverse is true—those responsible for their management can only assess the worth-whileness of their activities by an examination of what they are there to do and how far they are being successful in doing it which needs to be much more systematic and rigorous precisely because the profit criterion is missing. The improvement of our machinery and techniques for conducting this examination is, perhaps, the greatest single problem facing Civil Service management at the present time—and one which the Civil Service has to solve for itself.

Conclusion

Apologies are due to the reader who has persevered to the end of this long and discursive article. To sum up:

(1) There is such a subject as management in Government, and it is possible to define it in such a way as to distinguish it from other subjects and to provide a potentially fruitful field for study.

(2) The problems of management in Government, while akin to those in the private sector, are differentiated by the types of work and the structural relationships within which they have to be tackled. These types and relationships deserve deeper study.

(3) They are also differentiated by a number of far-reaching factors which have to do with the nature of Government business. The implications of those factors suggest some ways in which the Civil Service needs to develop further its own approach to management.

War on Paper

H. K. GOOD, Civil Service Department

Background

The Civil Service uses paper in such large quantities that, at today's prices, a 5 per cent drop in consumption means £1 million of public money saved. Such has been the rise in the price of paper (that once despised commodity so beloved of civil servants that they write letters—'minutes'—on it to the chap sitting across the room) that there is every incentive to seeking ways in which it can be used with economy and then recycled.

By the middle of 1973 it had become apparent that the long-standing buyers' market in paper was coming to an end. Supplies of pulp and other raw materials could not keep pace with demand and, in the United Kingdom, the closure of several well-established British paper manufacturers during the previous depressed period meant that supplies of finished paper had become scarce. Prices inevitably rose sharply and lead times for some qualities of paper rapidly extended from a few weeks to over 12 months.

Her Majesty's Stationery Office (HMSO) were already considering with Government Departments how economies could be achieved when in the winter of 1973 the position was suddenly made critical by the further reduction in manufacturing capacity during the power emergency. Departments were advised that only demands 'necessary for the maintenance of essential government activity in the present emergency context' would be honoured, that paper orders should be reduced to 50 per cent of normal and stocks run down to four weeks' supply. In addition to restricting demand for all types of paper and paper products, HMSO confined Departments to printing and binding 'vital in the national interest' and put a severe brake on publishing. Clearly, however, once the emergency had passed the brakes would have to be released and demand would soon speed up to its previous level. Worse, it could exceed that to make up for lost ground unless the continuing seriousness of the situation could be emphasized and a target set at which Departments could aim. Against this background, the Management Services (General) Division of Civil Service Department, with the Paper Procurement Division of HMSO, considered what steps could constructively be taken to assist Departments to economize and, with prices still rising rapidly, to keep consumption down to about 80 per cent of 1973 levels once the emergency had passed. Twelve months have now passed since these steps were taken and it might be interesting to look back at what was done and assess how well it succeeded as there may be lessons to draw for action in future crises.

The action plan

First, certain basic facts had to be faced:

— the bulk of paper bought for the Civil Service is used for printing forms and in many Departments economies in the use of forms could only be brought about by improved methods of control since actual usage is determined by population, demand and other factors outside departmental control

— however much one bellowed about the problems of finding such quantities of paper and its cost, effective savings could only be brought about with the active co-operation of hundreds of line managers in Departments

— any major change in the use of paper by civil servants would, because of the overriding need to record precedents and preserve equity, bring about a change in the habits of a life-time

— rationing was arbitrary, crude, costly in staff time and, in the long run, of limited effectiveness: yet some form of monitoring would be needed if central management in Departments were to be supported in bringing continuing pressure for economy on its line managers.

Any plan, therefore, had to be both constructive and supportive.

The steps taken

Fortunately, on the first point, recent studies in two major Departments had shown the benefits of improved forms control. In the Procurement Executive, 16 per cent of returns and over 2,000 forms were eliminated, while in Department of the Environment over 500 forms were made obsolete. With Ministerial support these achievements were brought to the attention of other Departments, who were encouraged to start similar reviews.

The second and third points required exhortation to be accompanied by practical guidance on how worth-while economies could be brought about by a change of individual attitudes at all levels and above all by example. Such guidance could best come from Departments in a central position such as CSD and Cabinet Office. CSD in particular, in discharging its functional responsibilities for pay, personnel management and so on, is responsible for dissemination of information and instructions on a Service-wide scale. Here there must be scope for economy.

Accordingly, in a week chosen at random, all CSD staff were asked to return to the originator any copy letters, minutes or circulars addressed to them which they thought either not relevant to their work or on which they would have been content to be circularized. The exercise confirmed that, as might be expected, the scope for savings rested mainly in the control of bulk rather than personal distribution. As a result of this study, distribution lists were severely pruned, economies in layout were introduced and the frequency and

extent of dissemination were both curtailed. All this led to savings of over two million A4 sheets annually.

In 'Paper Week', too, a purge of private filing systems resulted in one Division of 30 staff alone releasing for recycling 15 drawers-full of paper and over 500 superfluous pamphlets and reports. (Three four-drawer filing cabinets were also surrendered by the Division—sheet metal also being in short supply.) This result, incidentally, confirmed a longstanding O & M view that papers over 12 months old are rarely referred to again and that the biggest hoards of unnecessary paper are to be found in the private filing systems of senior staff.

Ideas flowing from the new-found zeal for economy and good housekeeping led to the preparation and distribution of a list of Hints and Tips on paper saving, which was soon embellished by departmental variation, and a similar list for computer installations.* What was really needed, however, was the setting of an example at high level. This came when the Cabinet Office proposed that Cabinet Minutes and Memoranda for Ministerial and Official Committees should be reproduced on both sides of the paper. Savings of up to 30 per cent or 1·5 million A4 sheets annually were estimated from this simple move alone.

Thus, wherever an effort was made to be economical, sizeable savings were to be found. Armed with these small local successes, CSD put a paper to the Establishment Officers' Meeting where it met with a ready response, particularly to the longer-term target of reduction to 80 per cent of previous use and to the wider adoption of the Cabinet Office example for all formal Committee papers and minutes.

Apart from reducing consumption, true economy demands re-use wherever possible. This topic, however, is rather more complex than at first appears, because of the wide fluctuations in demand for waste from year to year and the heavy capital investment involved in paper recycling machinery. Rather than get lost in the intricacies of the waste paper industry, we concentrated our efforts on usage, particularly as the Civil Service record on waste is, in fact, good. HMSO and Post Office contracts result in the recycling of some 35,000 of the 90,000 tonnes of paper used annually.

The results

The results of our efforts were encouraging. Consumption of mill paper and office papers in 1974 was 25·4 per cent below that of 1973, while photocopying paper was 15·3 per cent down. As each quarter's returns of paper issues compiled by HMSO were examined, no detectable trend of increasing consumption emerged; the results of the co-operative campaign were most encouraging. Nevertheless, questions of a fail-safe position and of maintaining momentum had to be discussed.

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* If any reader wishes to receive a copy of these perhaps he would let me know.—*Editor.*

There was general agreement that any rationing scheme that did not call for an untoward increase in staff must be a crude and arbitrary last resort only suitable for a short-term crisis. Any refinement must be costly as even a crisis rationing scheme would call for about 40 staff costing up to £100,000 a year.

The way forward

What had been progressively refined recently, however, was HMSO's method of recording consumption. This now lent itself to rapid calculation of issues to or on behalf of individual Departments which, with minor modification, could be used to advise each Establishment Officer how the battle was faring in his sector. The way forward could, therefore, continue to be a combined operation, as a recent HMSO circular to Controllers of Office Services has indicated (SG 14/63 of 7th March 1975). A small group in HMSO will, in future, vet departmental issues quarterly and provide consumption figures in terms of tonnes of mill paper and office paper and, for photocopying papers, by constant value. They will first examine any figures which buck the trend to make sure that general consumption has not been distorted by some major once-for-all task like the introduction of VAT, a new edition of the *Highway Code* or the end of SET. Then, having agreed that the figures provide a basis for fair comparison, HMSO and CSD Management Services propose to discuss any untoward figures with the Departments concerned. The purpose will be threefold:

— to keep up the momentum
— to identify the causes and try to bring about improvement where there has been a deterioration
— to identify successful measures taken and pass on to other users any which are potentially of wider application

The conclusion so far

An undoubted success story to which most Departments have contributed in full measure. Paper, the poor relation, the commodity not worth taking into account because its cost always formed so minute a part of the total cost of any project, has suddenly assumed importance. The Civil Service still uses a great deal of it—a little on itself but far more in the process of carrying out such essential tasks as collecting duties and taxes, receiving claims of benefit and paying out awards, pensions and allowances. Of course, all this activity provided a field day for the Press which had a good giggle over the Hints and Tips in particular. But, perhaps the last laugh remained with the Civil Service (and the taxpayer) because what is now used costs £4 million less than the paper used last year.

Putting the Companies Registration Office on Microfilm

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Background

By law, all company documents required to be deposited with the Registrars of Companies must be made available for inspection by 'any person' on payment of the prescribed search fee, which at present stands at five new pence. The public search facilities which are the main subject of this article are only a small part of the responsibilities of the Department of Trade under the Companies Acts. Nevertheless, even considered in isolation, they represent a very large operation.

The office of the Registrar of Companies for England and Wales moved to its present address, Companies House, City Road, London EC1, in 1962. (The Registrar of Companies for Scotland has a separate office in Edinburgh.) Both before and after the move to City Road the work of the Companies Registration Office has grown steadily in volume year by year. During 1974 the number of new companies registered was 40,371 and the number of live companies on the register at the end of the year was 630,000. Each working day some 6,000 new documents have to be added to the files of companies. These files, in strong board covers, occupy about 20 miles of shelving, spread over eight floors of the building.

The public search rooms on the ground floor of Companies House are furnished with 472 desks for use by visitors, who on a typical busy day inspect about 9,000 files. There is also a big demand for photocopies of documents in the company files. Photocopying machines operated by Companies House staff produce about 6,000 pages a day for visitors, and a further 3,000 in response to postal enquiries and for official purposes. In addition to this some of the larger regular users of the search rooms have been given permission to have photocopying machines for their own use installed on the premises.

Management Services investigations

Not surprisingly, the Companies Registration Office has had frequent

visits over the years from the O & M and Management Services branches of the Board of Trade and its successors. New methods and equipment have gradually been introduced whenever they showed promise of improved efficiency. In particular, improved photocopying methods have been of great benefit to the public search facilities. Another mechanization landmark was the installation in the new Companies House in 1962 of pneumatic tubes and belt conveyors to transport search tickets and files between the search rooms and distribution points in the file stores.

During the mid-1950s the O & M branch of the Board of Trade investigated the possible use of microfilm or microprint cards, but neither of these appeared to be viable in practice at the time.

At the beginning of 1970, Management Services embarked on another major investigation of the problems of the Companies Registration Office. It was hoped that, with the development of computer techniques, at least part of the remedy might lie in an ADP system.

This proved to be the case with regard to companies in default in filing their annual returns. A computer file was created with a record for each company showing its registration number, name and address, date of incorporation, and date of last annual return. A suite of programs scans this weekly, and produces first, second and third reminders on preprinted forms for despatch to companies who have not sent in their returns, plus lists of non-respondents to be considered for prosecution or dissolution. This ADP system started operating on a limited basis in July 1972 and is now in full operation.

ADP could, however, offer no solution to the problem of making available to the public the main bulk of the company records, amounting at the start to tens of millions of documents, or billions of characters, and having thousands of new documents added every day. On the other hand, it soon became clear that another serious look at the practicability of microfilm was called for.

The choice of microfiche

Interviews with members of the public visiting Companies House gave the enquiry team the opportunity to seek their reactions to the idea of using mechanical reading devices in place of bound files. The results were sufficiently favourable to justify the team in embarking on a design study for a microfilm system. (At all stages of design and implementation, the departmental team have worked and are working in close collaboration with representatives of Management Services of the Civil Service Department, and the Co-ordination of Reprographic Services of Her Majesty's Stationery Office.)

Because such large numbers of new documents are continually being added to company files, the only available type of microfilm which could meet the up-dating requirements was microfiche, produced either from fiche jackets (transparent jackets with sleeves into which strips of 16 mm film are fed) or microfolio (transparent sheets on to

which strips of 16 mm film are stuck with adhesive). Largely for reasons of convenience of handling, microfiche jackets were chosen as more suitable for this particular application.

The records of each company, which with certain defined exceptions are being filmed in their entirety, are divided into separate categories, namely, structure documents, annual returns and accounts, and, where appropriate, mortgage documents. A separate jacket, with continuation jackets when necessary, is created for each of the two or three categories, and a sample count of the file population has suggested that, on this segregated basis, the records of an average company will occupy less than three fiches.

From the beginning it was planned that the original filled microfiche jackets would be available for official use only, and that a library of diazo duplicates would be made for public inspection. A new replacement duplicate would be made each time new material was added to the original jacket.

Dispersal

At this time the possibility of moving the office away from London was not an issue. By 1972, however, the continuing growth of work had made it obvious, first, that Companies House would within a very few years run out of storage space for the files of live companies and, second, that the Department could not continue to recruit and retain staff in London in sufficient numbers to meet the demand. It was finally decided that the main examination and bulk storage operations of the Companies Registration Office should be moved to Cardiff, where a suitable building was in course of construction at Maindy, and where staff were likely to be obtainable in the right numbers, but that a public reading room based on microfilm would remain at City Road in London. The decision was announced publicly in October 1973, and it is planned that the move should be spread over a nine-month period in 1976.

Unavoidably, the management of Companies Registration Office will face the formidable task of implementing three major changes simultaneously: an entirely new system of operation based on microfilm, a new building in a different locality, and a high proportion of new faces among the staff.

The decision to separate the file store and clerical operations from the main public reading room was made possible by the proposed adoption of microfilm. Nevertheless, this separation was found to require substantial changes in the microfilm scheme as originally conceived. With neither the original files nor the filled jackets available at City Road as a back-up, the loss or damage of material supplied from the library of diazo copies would be an insuperable problem, even if a large number of staff were engaged in recovering, checking, sorting and refiling the estimated 30,000 fiches a day lent out to visitors to the reading room. It was therefore decided to adopt a non-returnable

system, that is to make a new copy for each enquirer, which he is free to take away if he wishes.

Under the revised system, the library of original filled microfiche jackets will be maintained at the Cardiff office, and a second library of primary copies on sepia diazo material at the London reading room. Microfiche duplicators at the London reading room will produce duplicates on blue or black diazo material from the primary copies on demand for public use. (There will also be a small public reading room at the Cardiff office. Non-returnable diazo duplicates for this will be produced from the original jackets.)

Film unit

A film unit has been set up in temporary premises at Eastcote, Middlesex. It started work in October 1973 on the long task of filming an estimated 50 million pages of documents from the existing company files. The documents are removed from their file covers at City Road, photographed at the film unit, and then returned for refiling. Because batches of files have to be taken out of circulation while this is in progress, the operation has to be monitored closely to ensure that the flow of documents matches the capacity of the unit, with only short queues waiting at the various stages.

New documents to be added to files previously filmed are sent to the film unit before they are filed.

The film unit is equipped with:

43 16-mm desk-top planetary microfilm cameras;
22 jacket reader-fillers;
3 desk-top film processors;
4 labelling machines, for attaching a translucent eye-readable label at the head of each jacket. These labels are printed by the computer from the ADP file referred to earlier.

Planetary cameras were chosen in preference to the faster rotary cameras because they were much better able to handle the exceptionally wide variety of documents deposited with the Registrar of Companies during a period of about 120 years. The documents come in many different sizes and colours; the writing is a mixture of printing, manuscript, typescript, rubber stamp imprints, and, in recent years, computer print-out; many of the older documents are creased, worn and faded.

Experience with the first few million frames has shown, not unexpectedly, that careful control of shutter speeds and processing times is essential in order to produce film from which satisfactory third generation copies can be offered to the public, particularly as many of the latter will be used for producing full-sized hard copies. Even so, the reader-filler operators discover a small proportion of unsatisfactory filmed material which needs to be refilmed. The unit have, however, found that with due care and attention a legible monochrome negative

image (white on black) can be produced from almost any legible original, whether it is faded 19th-century copperplate handwriting on blue paper, a typewritten third carbon copy, or a modern glossy brochure where key figures have tinted backgrounds in different colours. If the original was indistinct, the copy is, of course, no better: to show where the fault lies in such cases, the camera operator includes in the frame a card reading 'INDISTINCT ORIGINAL'. A similar card reading 'TIGHT BINDING' is used in bound documents with too narrow margins.

When handling new documents for existing microfiche files, the camera operator separates each document—typically four or five frames—from its neighbour by exposing a 'flash card' showing the date of filming. When processed this frame is positive (black on white) and eye readable. It is a help to the reader-filler operator, whose job is to add each strip of film, flash card included, to its correct jacket. Later these frames will also be useful to a searcher interested in documents deposited between known dates.

After the building at Cardiff is ready for occupation the film unit will be moved into it. Once the 120-year backlog has been cleared, current documents (up-dating material) will require fewer cameras but proportionately more reader-fillers, because of the higher frequency of jacket changing needed for a given number of frames.

Storage units

The present pattern of activity shows that at peak times, the storage system holding the microfiche library at the London reading room will have to handle the retrieval of up to 3,000 envelopes of microfiche an hour from a population of about 630,000, and their subsequent replacement. (The maximum rate at the Cardiff office will be less than this.) Such a handling rate is far beyond the capacity of any of the excellent electro-mechanical storage and retrieval systems on the market.

Revolving suspended filing units (carousels), hand-operated, were found to be the most practicable form of storage. For each of the two libraries, 24 units are being supplied. They are five tiers high, and 9 ft. 1 in. in diameter.

Diazo duplicators

To produce the non-returnable diazo duplicates at the London reading room, duplicators will be required which can meet a total peak demand of up to 10,000 copies an hour from the same number of separate originals.

The search for a suitable machine has been a long one. The type of small rotary machine which is intended for producing single copies is designed for intermittent use, and is likely to have a limited life if used continuously every day. The more expensive and robust type of heavy duty machine is primarily designed for turning out multiple copies from each original: it has a high output when used as a duplicator, but,

because the masters have to be fed in by hand one by one, its output is greatly reduced when only one copy is made from each master.

The final choice was an automatic fiche duplicator of the heavy duty type, with a turntable dual platen which allows masters to be changed on one load station while the master in the other is being copied. As a result of discussions with the team, the manufacturers are making some detailed modifications to the design which will increase the maximum output of each machine to about 600 copies an hour, one from one. Twenty-two of these machines will be supplied to the London reading room and six to the Cardiff office.

Like other machines of its type, the chosen duplicator is designed to operate in a normal office environment. Because, however, such large numbers will be operating together in a confined space, exhaust ducts and fans will be installed in both buildings to avoid any possibility of discomfort from ammonia fumes and heat emission.

Operating system

At the reading room on the ground floor of Companies House, the objective is that, except at peak times, a visitor should receive his non-returnable copy fiche within about 15 minutes of applying. For reasons of space, the diazo library and duplicators will have to be installed on the first floor of the building, and belt conveyors will be used to send the search tickets up from the enquiry counter and to send back the copies. We are still working on the details of an operating system to meet these constraints, but its main features have been settled.

The microfilm record of live companies will be divided between 20 self-contained units, each consisting of one carousel, one duplicator, and one delivery point on the conveyor system. (There will be a separate group for dissolved companies.) This will keep to a minimum the time that the sepia master copies have to spend travelling, and reduce the chances of misfiling.

To ensure an even distribution of activity between the units, terminal digit filing will be used, e.g. company number 123456 will occupy its sequential position among all other companies sharing the common last three digits—456. This method of filing will also remove the growth point at the head of the system which is an inevitable feature of sequential filing.

Because space is limited and fire regulations require unobstructed access to exit doors, the layout of these storage and duplicator units posed quite a problem. Under the solution decided on, the carousel operator will sit between it and the outside wall where the conveyor belt will run, while the duplicator and its operator will be situated on the opposite side of the carousel. To provide quick communication between the two operators, the carousel will have one modified spinner in the form of a flat disc, with a sweeper arm at each side to push things off. This spinner will carry material backwards and forwards in the manner of a 'Lazy Susan' on a Victorian dinner table.

At Cardiff the demand from visitors to the public reading room is likely to be much less than in London. The main load on the duplicators will be from producing new sepia diazo masters from newly up-dated jackets and from the jackets of newly incorporated companies. Postal sales will also be handled at Cardiff, and the load from this source is expected to grow. A more conventional layout will be adopted here, with carousels grouped together in one room and duplicators in another.

Readers

From the start of their investigations the enquiry team recognized that the microfiche reading units in the reading rooms would be the feature of the scheme most visible to the general public, and that it was of vital importance that the machines should meet their needs in every way. No machine then available on the market was suitable and, after discussions with manufacturers in general, orders were placed with seven of them to produce working prototypes of purpose-designed 'reader work stations'. The main features required were:

(*a*) The reader to be incorporated into a desk, with the screen in a position to allow easy note taking.
(*b*) Double-page reading, to provide for balance sheets and similar documents.
(*c*) A rotatable image to cater for 'landscape' documents.
(*d*) Robust construction.
(*e*) Control and method of operation to be as simple and logical as possible, so that a first time user needs the very minimum of written and oral instruction.

The prototype reader work stations supplied were put on display at Companies House for an extended period, with specimens of microfiche material, and members of the public were invited to offer comments and criticisms. Some more limited 'live' trials were also held; for this purpose some official users provided in advance lists of files they wanted to examine, and these files were filmed for them out of sequence.

After the trials had been evaluated, two different types of machine were chosen for the reading rooms. The production models will incorporate a number of detailed modifications which result from the practical tests on the corresponding prototypes.

When the scheme is in full operation, there will be 380 reader work stations in the reading rooms in London. We hope that users will find their surroundings agreeable and comfortable. The rooms will have a high standard of ventilation and lighting, and will be carpeted throughout. A co-ordinated colour scheme has been designed, which includes the machines themselves.

The smaller reading room in Cardiff will have 50 reader work stations.

Other equipment

Reader-printers, possibly coin-operated, will be installed in the reading

rooms to enable visitors to obtain full-sized hard copies of microfiche frames.

A small number of photocopying machines will be installed at Cardiff, to provide hard copies of the limited classes of older company documents which are being excluded from the initial filming. All new documents received are being filmed without exception, so that the demand for this service will steadily decline.

A company's list of shareholders can be anything from one page to about 30,000. We are considering what form of microfilm to use for those lists which are too long to be handled conveniently in the form of 16 mm film in microfiche jackets. Eventually, companies who wish may be able to submit their lists on microfilm of the approved form, but a change in the law will be required to give the Registrar discretion to accept microfilm in place of 'a document'.

Plans are being developed separately to replace the present alphabetical index of companies and their registered numbers in the public search room. These are composed of typewritten strips of card mounted in turrets, and are maintained by hand. In future a revised index will be produced from the ADP file by COM (computer output on microfilm) at suitable intervals. Multiple copies will be made for the public reading rooms in London and Cardiff and for a number of official users, and copies will also be available for sale to the public. A cumulative supplementary index will be prepared daily listing all amendments since the last edition of the main index.

Certain classes of documents whose availability for inspection is time critical may be deposited at either the London or Cardiff office. Facsimile transmission will be available between the two offices to allow a copy to be supplied on demand to a searcher in the other office, before it has been added to the microfiche version of the file.

Within the broad framework of the system described above, there will clearly be a number of issues on which further development will take place as implementation proceeds. Throughout this process, however, the views of users as well as of local management are being taken fully into account through a series of working groups.

What the future holds

The main benefits which we expect the microfilm scheme to gain are:

(*a*) The original documents in the files will not be subjected to further wear. For legal reasons the files will have to be retained, but they will rarely have to be consulted.

(*b*) Once the film record has been completed, the destruction of the original documents by fire or accident would not be the disaster it would otherwise be.

(*c*) There will be less physical exertion for the staff and users of the reading rooms in handling envelopes containing a few sheets of film each in place of heavily bound files, at a rate of two million a year.

(*d*) Full-sized hard copies can be produced quickly and easily from the microfiche. At present the original files have to wait their turn in the photocopying pool, and are not available for inspection during that time.

(*e*) Because each searcher will be supplied with his own copy of the file, there will be no more long waits when several searchers want the same file at the same time.

(*f*) Visitors to the reading rooms will be free to take away the duplicate diazos they purchase. When the whole record is on film, anyone who wishes will be able to collect a microfiche version of any company's file by messenger, or order it by post. Regular or occasional users who have their own microfiche readers will thus, for the first time, have the opportunity of doing much of their companies work in their own offices. This facility may be particularly welcome to businesses and professional firms outside London, who at present have the choice of making the journey to Companies House, or employing London agents to make the searches for them.

As this article makes clear, considerable planning work has been carried out on the Companies Registration Office microfilm project, but much of the action is in the future tense. Those engaged in implementing the project, being realists, do not expect to finish the job without encountering further difficulties along the way. But because the many stages of the microfilm job have to intermesh with the complex programme for moving the bulk of the Companies Registration Office from London to Cardiff, we are certainly hoping that all our troubles will be little ones, and that a solution to each of them can be found quickly enough to avoid delaying the project as a whole.

We know of no other scheme of comparable size where microfilmed records are open to inspection by members of the general public. The reactions from the initial trials were encouraging. Nevertheless, we shall be watching with intense interest, to say the least, when the first phase of the new service goes live, and the first visitors enter the softly lit, carpeted reading room to do the job for real.

Who Is In Charge of Personnel Management?

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Introduction

This article's title reflects a question asked at interview by a possible new entrant into my division. I found it difficult to answer, not because I think that the Personnel Services Division of my own Department is in any way inadequate, but largely because I felt that behind the question there was a concept of what a personnel management system normally covers which would not, in fact, correspond with the kind of reply that I might be able to give. This was because the person asking the question had studied personnel management as a subject influenced by the special concerns of industry and commerce. It seemed to me that there was a gap between the kind of knowledge that can be acquired in this way, and the sorts of activities and responsibilities that one would normally associate with one's own departmental personnel function. The existence of this gap bothered me and this article should be regarded as an attempt to bridge the view of personnel management that one finds in the literature and the realities of Civil Service personnel management as we experience them.

Reorganizations of public service personnel management

The power of the literature to affect the plans that are made for the reorganization of large areas of the public service should not be underestimated. The Fulton Report, the Health Service reorganization, the Bains' Report,[1] and now the Ogden Report[2] have all attempted to establish rational management structures for their respective public service bureaucracies and, in the process of so doing, have looked to industry and to commerce to provide the necessary models of central systems and accountable management structures. In attempting to make recommendations about the area of personnel management the writers of these reports have inevitably drawn very heavily upon the

[1] *The New Local Authorities—Management and Structure.* Published by Her Majesty's Stationery Office, price £1.

[2] *The New Water Industry Management and Structure.* Published by Her Majesty's Stationery Office, price 60p.

expertise of such bodies as the Institute of Personnel Management and the British Institute of Management, and the various organizational specialists and theorists who can be found in the big consultancy organizations or within the universities and business schools. It could, however, be argued that while these bodies and these individuals are equipped to tackle managerial systems they may lack experience in the practical aspects of political/management systems. It is necessary to recognize the point made by Professor Michael Stewart of the Institute of Local Government Studies, Birmingham. In a recent article[1] he describes the public servant as operating not within a simple management system, as in commerce and industry, but within a political/management system, where management, while having all the usual objectives of efficiency and effectiveness, must be primarily concerned to ensure that its activities are not conducted in such a way as to assist a retreat from politics, so as to render the organization unresponsive to the political will of its legislators.

Paradoxically many of the reorganizations now being implemented or lived with by managers in the public service, and in the Civil Service in particular, are a direct or indirect result of a desire on the part of politicians to make the civil servant more managerial in the hope that this will make him more easily held to account by (and therefore more responsive to) the politically appointed head of the organization, be this a minister, a committee, or a regional board. In pursuing this particular policy, the utilization of management consultants and those with managerial experience and expertise outside the Civil Service has undoubtedly been of great help. It could, however, be argued that because these bodies and these individuals are equipped to tackle managerial systems, rather than political/management systems, this could lead to inadequate conceptualization about the best organization structures for public bureaucracies. To put it more bluntly: these reports have often been accused of reflecting in their recommendations a prescriptive, rather than an analytical, mode of thought about the public service.

It is not the intention of this article to level this criticism, but rather to examine what the literature says, and to allow the reader to judge for himself if this is the case as far as his own situation is concerned (and whether or not the systems for personnel management which are now developing in the Civil Service are, in fact, the most appropriate).

The scope of the personnel function

A considerable degree of consensus seems to be emerging from various committees and individual authors about what functions should be labelled as 'personnel' within any organization. Two examples of such definitions are as follows:

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[1] *A Few Words Considered*, M. Stewart, Inaugural Lecture, University of Birmingham, 1972.

1. The management of human resources is concerned with the optimum deployment and development of people within an organization in order that the objectives of the organization may be met and effectively adapted to changing circumstances.
This embraces the following specialized functional areas:

organization review and analysis;
manpower planning;
recruitment and selection;
manpower training and development;
industrial relations;
employee remuneration;
employee services (including safety, health and welfare);
administration and records.

The professional specialist in this field should contribute to the total management of the enterprise by acting as a focal point for advice, assistance and executive action. Circumstances will determine this precise role. Nonetheless, whatever his role, he will be exercising professional skills and judgments at a variety of levels in addition to any routine duties which he may have to perform.

(Extracted from page 9 of *Training for the Management of Human Resources*, HMSO, 1972.)

2. There is a logical sequence of events in industrial life which helps to identify the nature of the constituent elements of the personnel function, to place them in order and allocate them to main groups:

The Manpower Group

(*a*) (i)	Organization	The first two create the job which has to be defined (iii) before a person is engaged ((iv) and (v)).
(ii)	Manpower planning	
(iii)	Job analysis	
(iv)	Recruitment	
(v)	Selection	

Pay and Employment Group

(*b*) (i)	Job evaluation	The person must then be paid correctly (i) and (ii); he will enjoy various benefits during his career (iii) and perhaps be found able to advance in the business (iv).
(ii)	Remuneration policy	
(iii)	Conditions of employment	
(iv)	Appraisal	

The Optimization Group

(*c*) (i)	Training and education	He may need training and development at any time.
(ii)	Management development	

The Social Group

(*d*) (i)	Industrial relations	He will become part of a community, subject, perhaps, to representation, and certainly part of a complex group structure in any organization.
(ii)	Negotiations	
(iii)	Communication	

(Extracted from page 8 of *The Personnel Function in a Changing Environment*, T. P. Lyons, Pitman & Sons Ltd.)

It can be seen that, considering the different purposes of these lists (one to establish training needs for personnel specialists, the other to describe a logical sequence of events in industrial life) there is a lot of similarity in their content. This is not meant by me to be a justification for these very inclusive lists, but merely as support for my comment that expert opinion has been crystallizing for some time around the content of such lists and that such sets of categories as they contain seem to have informed the thinking of the various committees established to examine personnel management matters in the public service.

It is my contention, based on my own experience, that all of these activities are conducted in most industrial, commercial and public service organizations. In any particular organization, however, they may not all be carried out by the department labelled 'personnel division', but may, nevertheless, be regarded as correctly and usefully performed by the managers involved.

According to their size, their history and the importance they place upon personnel matters it seems that organizations would differ in the degree to which all these functions are co-ordinated into one personnel system. It was common, a few years ago, to find the areas of training and management/employee relations separated out from personnel in many organizations, but recently this has been found to be increasingly impracticable if an organization wishes to have any central policy for the management of human resources. One of the points made by the recent Review of Civil Service Training by Heaton and Williams,[1] was that the lack of co-ordination between personnel divisions and the training divisions in the Service was giving rise to practical problems in co-ordinating the career development of staff with the courses available to assist them in this process. It seems from my personal experience that when a personnel system is not comprehensive in the terms defined in the literature, other parts of the organization will assume the missing functions. The result of this will be that all the functions of personnel management can be identified within the organization, but wide-ranging personnel policies become difficult to implement in a consistent manner across the organization. With this sort of problem in mind all the major reports on the reorganization of public service bureaucracies already mentioned have stressed the need to create a centralized and well trained, if not specialized, personnel function within the organization which is a part manager of the total organization, and not merely concerned to provide traditional establishment functions. But is expertise and central control enough?

Other organizational roles for the personnel function

Besides having such obvious service and provision functions, in most organizations there are two other less obvious roles which in my

[1] *Civil Service Training*, Report by R. N. Heaton, CB and Sir Leslie Williams, CBE. Published by Civil Service Department, September 1974.

opinion are very important to the success of a 'personnel' function, and may well be ignored if one concentrates on personnel purely as a specialist function within the organization as a form of centralized bureaucratic control by experts. These additional roles are ones that cannot, in fact, be carried out without enlisting the total involvement and support of the majority of line managers in the organization. They relate not so much to the particular services provided, and the particular controls exercised by the personnel function, as to the way in which these functions are performed either through the personnel division itself or through the agency of the line manager where that is appropriate, i.e. they relate to the social role of the personnel function within the organization. The first role that I would like to mention is that of the *catalyst*. By this I mean that the personnel management function should be provoking or assisting changes which help the organization and its employees to remain in some kind of harmony of objectives. Management by objectives schemes, some aspects of appraisal schemes, job satisfaction studies and inplant training schemes are all good examples of deliberate attempts to achieve this effect by means of specific personnel techniques. We shall examine in more detail some of the current policy developments in this area which are now emanating from CSD. The other major role of the personnel function is in my opinion to provide a *symbol* to the employees of how the organization values them and intends to treat them in the future. This, again, is a role that may or may not be recognized by the personnel division itself, but one which will be immediately apparent to employees through such personnel activities as career development, training, retirement procedures, methods of dealing with industrial disputes, the permitted degree of employee participation, and, as the Wider Issues Team have pointed out, through the day-to-day routine communications that personnel division sends out to line managers and to their staff.

According to their own degree of recognition of these roles, and the extent to which they are expected or permitted by the organization to fill them, personnel managers will be variously satisfied with their own jobs and with the personnel function as a whole. Because of the political nature of our management structures a high degree of central control of staff numbers and costs is essential, so it may well be that the major functions of personnel are, in fact, centralized and that a high degree of bureaucratic control, exercised by the personnel department, results. Where this occurs the effects on both the symbolic and catalytic roles may well be to obscure them in the eyes of both the personnel department and the line manager. Should this happen, however, there is little doubt that the personnel function will lose its innovative potential and become a much less attractive place to work in, in the eyes of staff with high career aspirations.

The line manager and the personnel function

In the previous paragraph I stressed the importance of the relationship

between the line manager and the personnel division in the areas of developing personnel policy. Many of the early personnel specialists, in search of a common basis for personnel practices, saw that the apparent equity and justice of their policies was likely to have an important effect on the degree of commitment of the individual employee. In the central Civil Service especially not only was equity seen to be a 'good' basis for personnel policy, it was also the only answer to the charges of nepotism that led to the 19th-century reforms of the methods of recruitment, pay and promotion of civil servants. In order to achieve such a basis of equity in industry and commerce, as well as the public service, personnel divisions were concerned (and still are) to set limits on the discretion allowed to the departmental manager. To this end the line manager's discretion, in industry and commerce as well as in the public service, has been constrained in the areas of his ability to hire, fire and promote his own staff. The design of jobs, the allocation of work and the setting up of working relationships and control systems are usually thought of as the responsibilities of line managers. Yet this sensitive area is of considerable interest to personnel divisions who wish to have some catalytic effect on the organizations they serve.

Appraisal and career development policies while seen by personnel divisions as giving accountability for staff to line managers are frequently seen by the line manager as a means by which the personnel division inserts itself into his relationships with subordinates. In attempting any advice to the line manager about the working relationships of his staff, therefore, the personnel division must tread with great care. Yet if they are to play a catalytic role, as I have described it, personnel divisions must obtain a point of entry where working policies are being formulated and then attempt to ensure that such policies take account of the human systems needed to implement them. Such a delicate consultancy operation may not accord well with the central management role required of the establishment division by the dictates of political answerability. This is the real dilemma for central personnel divisions—but some successes are being achieved.

Let us look at three major policy developments in the personnel field now emanating from CSD. They all affect the day-to-day work of the line manager and they all need his acceptance and involvement to make the most of their potential usefulness.

(*a*) *Flexible working hours*

Flexible working hours is essentially a simple concept which instead of requiring staff to attend the office for set times, states that they must complete a given number of hours in the month, that there are certain times of day known as 'core time' when it is essential for everybody to be present, and other times, such as the middle of the night when the office will not be open anyway for common-sense reasons, but that otherwise staff can come and go at times convenient to them. This

concept differs from staggered hours in that staff are free to vary the times of arrival and departure from day to day and do not have to give any notice in advance. The extent of staff enthusiasm for these schemes where they have been applied has been quite considerable in the Service. Some departments are in fact using, or mentioning, flexible working hours as an aspect of their recruitment advertisements. There have been substantial improvements in morale and there are, in fact, people who refuse to move unless they know that they are going to an office where flexible working hours are worked.

(*b*) *Review of routines*

The Wider Issue Review recommendation on routine communications was directed to the way in which personnel divisions, or establishment divisions, communicate with their lower levels of staff. Amalgamation and economies of scale have led to the streamlining of many of these procedures to a degree where mechanical efficiency may be conconsiderable, but where real economy may well be missing if one regards efficiency of communication as taking account of the effect of that communication upon the recipient. Little that one experiences or can find in industry is, in fact, very much in advance of the Civil Service in this area, but this does not mean that there are not considerable areas where the Civil Service itself can make advances, and recommendations are now circulating giving examples of good practice. Though these examples concentrate on personnel management procedures, the principles apply to any communication between management and staff and can, therefore, be seen as an area where the advice of the personnel division could well be sought by line managers.

(*c*) *Job satisfaction studies*

The third area that I wish to mention which involves line managers directly is that of job satisfaction. While the previous two policy developments are relatively simple, one can scarcely argue that job satisfaction studies are based on any simple technique. They reflect more a deep-seated philosophy of management and a willingness to broaden one's understanding of the things that motivate people in the work situation. Essentially any review of work procedures should proceed by taking account of the attitudes of those who are going to have to work the new system. If they do not believe in it or want it to succeed then the likelihood of it being totally effective is considerably reduced. The view of job satisfaction studies is, therefore, that the attitudes of the people concerned should be a fundamental part of any review of work practices and not looked upon as an obstacle to be overcome once one has designed an objective system. In effect the application of job satisfaction ideas has been to give greater autonomy to the lower levels of staff working in fairly routine clerical sections of the Civil Service, where the work seems to make very little demand on their education or their intelligence. At the higher levels of manage-

ment in the Service the degree of commitment to the ideals of public service is no doubt a major motivational factor. But these normative controls are weaker at the lower levels in the Service and tend to be replaced by the routines of personnel management and by a commitment to the local office rather than to the whole department. Job satisfaction studies may help to establish some norms for involvement and commitment amongst high quality staff employed below their level of capacity in the more routine areas of Civil Service work. Such studies also reflect that the organization cares sufficiently about its staff at all levels to attempt to make the work place a socially and psychologically healthy environment, i.e. such studies have both catalytic and symbolic value.

Responsibility for the personnel function

It seems, therefore, that in attempting to answer the question 'who is in charge of personnel management' as far as the Civil Service is concerned, we really need the answers to a set of subordinate questions. I have, therefore, set these out below:

(1) Are personnel divisions so placed within CSD and departmental establishment organizations that they can take an integrated view of the whole human resource area, provide the necessary impetus towards new personnel policies and ensure that the catalytic and symbolic aspects of the personnel function are reflected in all interactions between the department and its employees?
(2) Is the nature of the political/management structure at CSD and at departmental levels such as to prevent this overview from developing?
(3) Can management committees, including all areas of establishment work and some line managers (such as are now being set up in some departments), assist in developing a co-ordinated approach to personnel problems in the broadest sense?
(4) Should there be a deliberate policy of encouraging the development of posts in establishment divisions with a responsibility for innovation in the personnel field outside the traditional areas of manpower and career development?
(5) When management reviews are carried out do their terms of reference commit them to answer the sorts of questions I have set out above?

It seems possible that attempting to answer such questions might well assist the development of the personnel function in all its aspects in the Civil Service.

MbO in the Regional Organization of DHSS

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In deciding, albeit with misgivings, to respond to the Editor's request for an article on the development of Management by Objectives (MbO) in DHSS, my objective has been to write an unembellished factual account, because nothing is more frightening than those enthusiastic writings which leave behind them an unproved tale and the impression that MbO and total commitment to improved results is some form of symbiosis. When Machiavelli wrote—'There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things, because the innovator has for enemies all those who have done well under the old conditions and only lukewarm defenders in those who may do well under the new'—he might well have had the MbO project in DHSS in mind. The pathway from the beginning and beyond now, has been and no doubt is strewn with difficulties, the most tenacious being the problem of communicating sufficiently to gain the confidence of those involved that MbO is but a style of management, perhaps bringing under one umbrella the best practices, but above all one which demands that management and staff talk to one another about their main aims and objectives, and review progress regularly in a constructive atmosphere.

Introduction

Although in 1968 the Departmental Training Officer in a report on the practice of management proposed that DHSS should experiment with MbO it was not until after publication of the Fulton Report that this proposal was taken up by Management Services Division, who identified that the Department could be divided into three main areas where MbO might be applied (Social Security Regions and their local offices, Central Offices, and Headquarters) and recommended the introduction of pilot projects in each area, beginning with two Regions and one Central Office and moving into Headquarters later where the impact of the first projects could be appraised. The first pilot project began in the North Western (Manchester) and Yorkshire and Humberside Regions in April 1970, and was followed in October of that year by a second project involving the Central Office at Blackpool and the War Pensions Division at headquarters responsible for policy governing the bulk of its work. Problems highlighted by these exercises led to the

commencement in April 1971 of a third project in which the organization of headquarters' responsibility for Regional and Central Office management was reviewed and structural changes were proposed to improve headquarters' control and direction of social security operations in the context of MbO. Lastly, in April 1972, a MbO exercise was launched in his own office by the Chief Insurance Officer, an independent statutory authority for the determination of benefit claims, who works within the Department but is technically not part of it.

Units in the Regional and Local Office project

Over 56,000 staff are employed in local Social Security offices in the U.K. and general control and supervision is exercised through 12 Regional Offices (Central Offices in Scotland and Wales) each headed by a Controller of Assistant Secretary level. Over the last eight or nine years steady progress has been made with a programme of integrating Contributory and Supplementary Benefit local offices into a smaller number of all-purpose units dealing with the full range of the work. In the last five years, the total number of local offices has been reduced from 1,038 to 588.

The work of the local offices consists of awarding and paying benefits, collecting contributions, visiting claimants and interviewing callers. The Regional and Central Offices have overall management responsibility for the activities in local offices and provide services including specialist advice on difficult cases.

The MbO project covered all regional and local offices in four phases:

Phase 1	Two Regional Offices and six local offices in each of those regions
Phase 2	The remaining local offices in the two Regions
Phase 3	Four more Regional Offices and all their local offices
Phase 4	The remaining six Regional Offices and their local offices.

At the time the project began there was no particular instability or likelihood of major changes either in organization or personnel, but the Regions were under growing pressure in particular because of changes being made in the administration of Supplementary Benefits. Pressure continued to mount throughout the project and problems arising from manpower shortages, pay and the work programme led to three separate bouts of disruptive action by the staff during the past two years.

Chronology and the installation process

Following an earlier review of the functions and responsibilities of local office management and encouraged by the recommendations of the Fulton Committee, the decision to test the value of MbO was taken in 1969. Urwick, Orr and Partners Ltd. were engaged as consultants

after three firms had tendered for the project, which began in April 1970 in two Regions as a pilot scheme which was planned initially to take 12–14 months. A Steering Committee including representatives from Headquarters, the Regions, the Departmental Staff Side and the management consultants was set up. This Committee served little useful purpose other than to keep its members informed of progress and was later superseded by *ad hoc* Whitley MbO sub-committees for the Department as a whole and in each Region. In some Regions these, too, have been abandoned and any necessary consultation is conducted under the normal Whitley arrangements.

In each of the two Regions a team of four 'management advisers', headed by a Principal, was formed to assist in the introduction of MbO. The Principals in the teams attended a CSD course and all advisers had a course run by the consultants and worked with them for the next 15 months.

In each of the two pilot Regions, six local offices were selected to take part initially and work in these began in June 1970. The aims at this stage were to provide field training for the advisers, to familiarize a cross-section of local offices with the MbO approach and, if it were found to be workable, to develop a suitable version for general application in the Department. Two methods were tried:

(*a*) In 10 offices, after briefing on the principles of MbO, the local management teams discussed and agreed the *aim* (or overall purpose) and *key result areas* (KRAs); identified and analysed opportunities for improvement and worked out short-term *action plans* which were agreed by the local office manager with the Deputy Regional Controller and put in hand.

(*b*) In the remaining two offices after the same initial briefing, work on *management guides* from the lowest level upwards began at once with the intention of following this by the development of action plans. In practice this method failed, partly because the lack of adequate control information made it impossible to produce meaningful management guides, and partly because there were no practical results, other than the preparation of a lot of paper.

In August 1970 the two Regional Offices were involved in the project. In addition to defining the aim and KRAs, they reviewed the existing organization of the Regional Office and its links with local offices, defined the scope of each management job, reviewed the availability and effectiveness of control information, identified constraints which could not be overcome in the Region and clarified objectives for improvement in regional performance for the two years ahead.

By the end of 1970, significant progress had been made in the local offices in achieving improvements in performance in selected areas by the agreed dates. In the Regional Offices, study groups composed of representatives from regional and local office management were examining each defined KRA and the organizational analysis was

under way. At this point, experience of the project can be summarized thus:

(*a*) In the local offices, although identifiable short-term improvements had been achieved, there had been no real change in overall management style. Complaints had been voiced by the staff about the considerable extra paper work and the time consumed.

(*b*) There was a feeling that MbO might not lead to any radical change in the management of the Department's work. Nevertheless, the work done had revealed an insufficient knowledge of current performance standards (which had nullified attempts to produce meaningful management guides) and a lack of management control over results (as distinct from activities). Progress on the organizational analysis was pointing to weakness in overall regional office control of local office performance.

Although there was little general enthusiasm for MbO at this stage, there was strong indications of benefits to come and planning continued on the assumption that MbO would be extended to other Regions in time. From January 1971 advisers were chosen from four of the other Regions and were attached to the two pilot Regions to be trained and to assist in spreading MbO to all offices in the pilot Regions. Opinion was hardening that any extension of MbO required to be preceded by a standardized system of management controls (performance indicators) worked up from the experience gained in the pilot offices; one of the first tasks of the advisers under training was to assist in the installation of performance indicators in all offices of the pilot Regions.

Unfortunately, the postal strike and its aftermath had a severely hampering effect during the first months of 1971, but the study groups in regional offices continued and produced regional objectives for 1971–72 as well as completing their organizational analyses. Useful work was done by advisers on the refinement of performance indicators. The consultants' contract was running out and it was decided to assess the situation by canvassing the views of all senior staff and a sample of other managers so far involved. This 'evaluation' led to the main conclusions:

(*a*) That MbO had something to offer and should be extended to the other Regions, but without the assistance of consultants. Their engagement had been justified and much had been learned from them, but the Department's trained advisers were now capable of sustaining the further operations required and would be more acceptable to staff provided it was clear that they had the full support of senior management at Headquarters and regional offices.

(*b*) In other Regions, the operation should begin in regional offices and regional objectives should be made known before local offices commenced action plans.

(*c*) Performance indicators for management control should be the first

part of MbO to be introduced in local offices, followed by management guides and action plans.

(*d*) The pace of the programme should be such as to ensure the fullest understanding and commitment at all levels and the introduction of each stage in the development of MbO should be preceded by a day or half-day seminar for all the staff likely to be affected.

By July 1971 the consultants' participation in the MbO project had come to an end and the situation in the pilot Regions was:

(*a*) The aim and KRAs had been established in each of the two pilot Regions.

(*b*) Critical studies of the KRAs had been completed and regional objectives framed—though necessarily broadly based in most cases.

(*c*) An analysis of regional organization had been completed, and measures taken experimentally to correct weaknesses.

(*d*) An outline of a system of management guides had emerged.

(*e*) The basis for a management information system in local offices had been established.

(*f*) A number of short-term action plans had been carried through in local offices.

(*g*) Advisory staff from four Regions had been trained in addition to those in the pilot Regions who had been active in the project from the beginning.

The Staff Side, both at departmental and regional levels, had been associated from the outset with the MbO project. From time to time they had expressed concern at the extra work and time taken. At the annual meeting of the Departmental Whitley Council in July 1971, the Staff Side pointed to the unprecedently heavy pressures of work on local offices during the first half of 1971 caused by the postal and other strikes, and by legislative changes, and asked for a period of stability for the staff before any extension was begun. It was agreed that in the next four Regions, Regional Office operations would not commence until October 1971 and the introduction of a standard set of performance indicators into local offices would not be undertaken until the spring of 1972, i.e. after the inevitable winter pressure period for local offices. In the remaining six Regions (from whom advisers were attached for training to 'the four' from January 1972) the RO exercise would begin in the spring of 1972 and the introduction of performance indicators into local offices would follow in the summer and autumn of that year. Concurrently with their agreement to extend MbO, the Staff Side asked for more formal consultative arrangements and these were agreed for departmental, regional and local levels and published to the staff. The original Steering Committee was disbanded and replaced by *ad hoc* Whitley MbO Committees. The detail of the extension plan provided for the following operational stages:

(*a*) In regional offices, analysis of the organization and preparation of management guides and supporting performance indicators.

(*b*) In local offices, introduction of performance indicators, followed by management guides.
(*c*) In regional offices, the setting of objectives and their breakdown to produce action plans.
(*d*) In local offices, the formulation of action plans supporting regional objectives and, as necessary, to maintain and improve local performance standards.

Despite unremitting pressures of work during 1972, particularly in the field of Supplementary Benefits, and ultimately staff militancy which led to an urgent review of manpower in the summer, this programme was well maintained. At the end of February 1973 the overall position was:

(*a*) Except in Scotland, where staff unrest had been greatest and MbO development was temporarily suspended, a 'national package' of performance indicators was operating in nearly all local offices.
(*b*) The Regional Director (the Under-Secretary who heads the Regional Directorate, which is described in more detail below) in consultation with Controllers, and with the Permanent Secretary's approval, had set out broad aims for improvement in 1973 and the first six Regions had formulated regional objectives which had been approved by the Director.
(*c*) In the first two Regions, performance standards in KRAs had been established and performance reviews were taking place at six-monthly intervals. Local action plans, stemming from these reviews, were in operation.
(*d*) In the next four Regions, the introduction of management guides and the agreement of performance standards was in progress.
(*e*) The remaining Regions (except Scotland), having completed the introduction of performance indicators into local offices, were preparing for the introduction of management guides into local offices.

Regional management structure

At a very early stage in the project it became clear that a weakness in the organization was the absence of a clear enough line management link between local offices and their regional office, and between the regional offices and headquarters. The local office manager (generally SEO/HEO, with a steadily increasing number of Principal grade managers in the larger integrated offices) had no single superior below the level of Regional Controller (Assistant Secretary) or his deputy (Senior Principal) to whom he was accountable for all the work of his office. This position stemmed from the fact that at Regional Office, there were a number of 'specialist' Assistant Controllers (ARCs) (Principal grade) all of whom had functional responsibilities which involved them in some management aspects of local office work. As a consequence, local office managers were subject to direction by and responsible to as many as six or more seniors each of whom, naturally,

tended to regard his own area of work as meriting high priority. Neither the Controller nor his deputy, however, could realistically be held accountable for the work of any local office as a whole or for the overall performance of the region, when the number of local offices in a region ranged from 50 to 127.

To remedy this situation, and as a consequence of the organizational studies, Group Managers at Senior Principal and Principal level were appointed in the pilot Regions and each was made responsible for a number of local offices. The division of responsibility within the regional office then became:

(*a*) Group Managers were accountable for the results produced by their local offices; they were responsible for the quality and quantity of work done and for the resources used including manpower, overtime and casual staff.

(*b*) The specialist Assistant Controllers were responsible for giving advice on technical matters and for assessing the quality of work; they advised Group Managers of failings on the part of the local offices, suggested solutions and were available to help carry them out, but it was for the Group Managers to decide what, if any, action should be taken (in collaboration with the local office managers).

(*c*) The Deputy Controller became responsible for the work of the specialist Assistant Controllers and their sections.

(*d*) In the Regional Office a Board of Management was set up under the Controller with Group Managers as members representing the operational side of the region and the Deputy Controller as spokesman for policy and services. Later it was recognized that the term 'Board of Management' was a misnomer and that what was needed was more in the nature of a committee of top line managers, augmented as necessary by technical specialists, to assist the Controllers in making decisions.

Pre-MbO there had been 13 Senior Principal and 69 Principal posts in Regional Offices. There are now 41 Senior Principal and 61 Principals and 12 of the latter act as Group Managers. There has, therefore, been a reduction of 20 in ARC posts against the addition of 40 Group Manager posts. These figures exclude the Principals leading the MbO projects, except where they have taken on other duties as the installation phase was completed. Some further alteration to these numbers can, perhaps, be expected, but it is not yet possible to say exactly when these will occur as the needs cannot be assessed with any accuracy until we have more experience of MbO as a genuinely on-going system. It is not considered, however, that these should be regarded as installation costs as the posts were necessary to remedy management deficiencies revealed by MbO.

Tangible benefits

Until an adequate management information system has been intro-

duced and has been functioning for some time it will not be possible to make an objective overall assessment of tangible benefits. Nevertheless, in a number of local offices short-term improvement plans have been carried through to a successful conclusion. They have concerned such matters as: the clearance time of benefit claims; the clearance time of public callers; the accuracy of benefit payments; the clearance time of files, etc. about National Insurance (NI) contribution irregularities; and reducing the number of late payments by employers using the direct payment method for NI contributions. It is, perhaps, significant that in several offices these improvement plans were begun with the conviction that they were bound to fail and the managers were surprised by the results achieved. Their success may well be due to the discipline of the job planning technique and the positive participation of junior staff. The management control system ('performance indicators') has also probably played a part; although local office managers variously devised their own systems to check the state of the work in addition to keeping officially required statistics, the tendency in the past was for 'fire-brigade' management without any generally accepted system of routine control over performance standards and results.

Another indication of success is that, in one of the two pilot Regions, a trend towards a reduction in staff wastage and the demand for 'casual' manpower and overtime has been observed despite high workloads. Hasty conclusions should not be drawn, but the effects of better control and team working could be relevant.

Intangible benefits

MbO has undoubtedly led to better planning and, in particular, to the better analysis of problems, allocation of priorities and resources and the appreciation of the total job of a manager as distinct from the task at the top of his in-tray. Participation by lower levels of management has also increased with good results, but unfortunately there are still indications that some managers on occasions are tempted to adopt autocratic attitudes, leaving the suspicion amongst staff that 'there has not been much change in the old order of things'. No less unfortunate is the current CPSA edict that clerical staff should not be involved further in MbO, but in general it must be said that the Departmental Staff Side have taken an active interest in the project throughout and, although there have been differences of opinion over a wide range of matters, both sides have managed in the end to find acceptable solutions.

Substantial organizational changes have been made and these have resulted in a much better understanding by managers of their responsibilities. The creation of a clear line of command from the Second Permanent Secretary down to the lowest levels of management has probably been one of the most significant products of MbO.

The defects of the information and communications system have been revealed by this project and considerable improvements have been

made although there is still much to be done. At all management levels the nature and degree of responsibility for achieving results in specific areas has been much more sharply defined, but there are still some major difficulties to be overcome particularly in connection with the measurement of quality of output as a firm base for monitoring and improving standards.

It will probably be some time before the effects on the growth and development of managers can be assessed, but it has been noticed, in the original pilot regions particularly, that the approach to problems is much more objective than it used to be and that solutions which are suggested are now more comprehensive and better presented, whether or not this takes the form of a formal action plan.

The merit of seeking views from junior staff and involving them in the planning of changes affecting their work is becoming more widely recognized and, where the principle of participation is being accepted and applied, dividends are being obtained in the form of worth-while suggestions which have hitherto been sporadic and not necessarily related to an overall improvement in particular areas of work. There are signs—reducing staff wastage may be one—of increased job satisfaction.

Difficulties and problems

Although there have been frustrations and disappointments, there have been no adverse results. The common MbO experience of difficulty in changing deep-rooted management attitudes has been shared, and the organizational changes in particular caused resentment where some individuals thought that their jobs had been devalued when they lost line management responsibility which had been acquired as a consequence of the lack of a clear line of command. A major and urgent problem is the overlap between management control information and traditional statistics which is seen by local office staff as avoidable duplication; a study of departmental statistics, the management information system and methods of quality control is well under way.

The main difficulty in this project was its sheer size and the need for speed if the Department was not to have two forms of management operating side by side for some years. This imposed a very great strain on the unit co-ordinating activities in the regions and developments often had to be controlled much more loosely than was desirable.

Summing up

In the five years since the first tentative steps were taken towards the introduction of MbO, the Department has progressed to the point where it is committed to MbO as the style of management for the bulk of its Social Security operations. The decision to implement MbO on so wide a scale was taken not so much on the basis of measurable gains (which, given the unavoidably long installation programme, have so far been few) but in recognition of the fact that a systematic form of participative and accountable management designed to make the best

use of human resources was needed to enable the Department to meet the constantly changing demands and increasing pressures of its workload. When MbO was first considered, the point had been reached when standards were falling, the increasing size of local offices was giving rise to new management problems, there was inadequately co-ordinated control of local operations by regional offices and headquarters and there was a general recognition that the achievements and potentialities of units in the field could not be assessed objectively.

It will be appreciated from what has already been said that even in the two pilot Regions the MbO installation is by no means complete (management guides and, for Regional Office itself, performance indicators are still being refined and objectives are not as sharply defined as is desirable), but very considerable progress has been made. The organizational problems have been tackled, with minor exceptions, and the work already done in connection with the establishment of priorities, setting objectives and monitoring progress leaves little doubt that success in these areas will be achieved (although the frequency with which future programmes have to be radically altered at short notice has inevitably posed formidable problems). A lot remains to be done before the mechanics of MbO are fully operative but this is more a problem of scale rather than complexity. The real remaining problem is to complete the change in attitudes wherever progress has been too slow—probably because the speed with which MbO had to be spread to all regions could only be achieved at the cost of training for which inadequate provision was made.

In the light of experience, but without wishing to suggest that MbO should be pre-packaged at headquarters and imposed upon the organization, the following installation programme would perhaps have been more effective:

(*a*) The project in headquarters leading to the establishment of the Regional Directorate should have preceded the exercise in the regional and local offices. The Directorate would then have been able to direct and exercise control more effectively once it had set its own house in order. In practice the Directorate had to advise and control Regions at the same time as the reorganization of and introduction of MbO in the Directorate itself was taking place.

(*b*) A management information system should then have been designed and introduced. The form of the system and the way in which it would operate could have been finalized at this stage even though the details of the information required would necessarily have been imperfect. The early introduction of such a system would have done much to make managers results-conscious, make them examine their responsibilities more critically, and stimulate elementary improvement plans long before they were exposed to other MbO elements.

(*c*) The regional and local office project could then have begun as a logical continuation of (*a*) above instead of being regarded as an

'experiment'. Its experimental status had the built-in weakness of an absence of commitment by some managers at different levels who, very properly, stood aside and watched developments without attempting to influence them or become too involved. It was not until it had been made clear that the project was no longer experimental that Regional Controllers for instance could assume their proper role as leaders who had to provide the driving force behind the project.

(*d*) An intensive training programme for all staff down to and including CA level should have been mounted and continued throughout the installation period. An introductory talk on the principles of MbO is not sufficient; all staff must be kept abreast of developments and be allowed to discuss them, and short specialized seminars should be given immediately prior to any major development in the installation process.

(*e*) A detailed programme for the installation should have been prepared and published. All staff found that the operation took much longer than they had expected and were never quite sure how far they had got or still had to go.

(*f*) The aim and KRAs of the Region should then have been defined and the management information system modified if necessary.

(*g*) The Regional Office should then have been reorganized, Group Managers appointed and provided with their support staffs, and the lines of command cleared. A greater use of Study Groups for this step would probably have enabled the specialist ARCs to see their new roles in proper perspective. The establishment of Group Managers would have permitted the beginnings of MbO in local offices, e.g. by agreement of performance standards and the initiation of minor improvement plans. More important, the Group Manager would have become known by local office managers as their superior, he could have played a major part in the introduction of MbO into the local offices and helped substantially in the training of local office staff.

(*h*) The next step should have been to devise objectives and action plans in the Regional Office. These could have been taken up by the Group Manager and action begun in local offices.

(*i*) Finally, in the regional offices, management guides should have been prepared and the organization and management information system amended if necessary.

(*j*) Action should then have begun in the local offices on similar lines with particular emphasis on training. Most of the difficulties in introducing MbO have arisen as a consequence of apparent misunderstanding by staff and Staff Sides at regional and local office levels, of the aims and principles of MbO.

In the programme which was followed in practice, the Department thought that it could best stimulate a sense of participation by starting

near the middle of the organization and that this approach would make it better prepared for the more complex problems which could be expected to be found higher up the line of command. This was so, but this advantage was more than offset by the fact that at regional office and headquarters levels the information and organization necessary to cope with developments at lower levels was usually at least one step behind for most of the time.

The project will certainly produce an on-going system once the management information system is functioning and regular performance reviews are a matter of routine accepted by all managers at all levels. Certainly the units to which MbO has been introduced are so large that the system is unlikely to be seriously affected by changes in key personnel. Nevertheless, the effectiveness and survival of MbO in the regional environment will remain dependent upon attitudes and actions within the Regional Directorate at headquarters and regional offices and of their commitment to the new management style there must be no doubt if the system is not to lose its credibility throughout the regional organization.

The notably helpful features of MbO are that senior management is obliged openly to accept quantified standards of performance, and that constraints which in the past managers have tolerated (sometimes meekly, sometimes not) are questioned and examined much more critically if it is felt that they seriously erode the extent to which a manager can genuinely be held accountable for the overall results achieved by his office. On the other hand, it has already become apparent that much more can be done within the present scope of delegated authority than is often realized. The dangers are that enthusiasts may expect too much (in the first round of improvement plans there was a strong tendency for local managements to be over-ambitious); there may be an overstress of quantity to the detriment of quality; and the participative nature of the management style disturbs the traditional pattern of Whitleyism in that standards and objectives are set and action plans developed in collaboration with the staff themselves rather than through their representatives. The Staff Side, however, are content to hold a watching brief on decisions reached at meetings of staff and management, so long as they retain the right to appraise the totality of the position, e.g. by formally agreeing priority areas and objectives at local, regional and Directorate level and to satisfy themselves that undue or subtle pressure has not been applied by management to achieve what might previously have been regarded as 'its own ends'.

It cannot be said that there are any features of MbO which are notably unhelpful or that any of the work done in regional and local offices is unsuitable for its application. It is recognized, however, that the approach and documentation need adaptation in situations in which the output cannot be quantified or in which a team rather than an individual is responsible for a specific result.

The Regional Directorate project

The unit

The Directorate of Regional Organization at headquarters is a Division headed by an Under-Secretary, three Assistant Secretaries, six Senior Principals and 24 Principals. The Head of the Division (the DRO) is accountable through a Deputy Secretary to the Second Permanent Secretary for all operations in the Social Security regions and their overall organization and management.

The Controllers of the 12 Regions, together with the three Assistant Secretaries in headquarters, are accountable direct to the DRO and the whole of the staff of the headquarters Division are engaged essentially on the provision of services to the DRO and his Controllers.

The Division has been organized to function on MbO lines but, for a variety of reasons, it has not yet been possible within it to introduce the full MbO system. This section, therefore, can do little more than describe how the Division was conceived, how it is working and what remains to be done before it can be regarded as a unit operating to the optimum extent as an accountable unit.

Origins of the Regional Directorate

The Establishment Division, with a Regional Branch, was generally responsible for the management of the regions with policy divisions giving technical guidance. This guidance was in the Ministry of Pensions and National Insurance days filtered through the Establishment Division's Regional Branch which could take account of organizational and staffing implications, but this tended to break down after the merger with the National Assistance Board in 1966, when direct lines between the Supplementary Benefit Divisions and Regional and local offices were much more commonly used. It was this situation, along with the decision to experiment with MbO, that led in January 1971 to the setting up of a Manpower and Management Division, which in the event proved only to be the precursor of the Regional Directorate.

The Department having recognized that the organization at headquarters was unsuitable for the control of social security operations in the field, which were becoming more complex and throwing up far more problems than in the past, appointed in May 1971 a team, comprising an Assistant Secretary, a Principal and an SEO with part-time help from a senior management consultant, primarily to consider the extension of MbO methods into the headquarters management of Social Security operations and to consider what changes were desirable including those which were likely to increase the effectiveness of MbO. Their views coincided with a concurrent recommendation from the Review Team, assisted by McKinsey & Co. Inc. (Management Consultants) reviewing the Department's Health and Supporting Services Divisions, that the support services division and particularly the

Establishments/Management areas should be examined. A Working Party under the Chairmanship of the Director of Establishments was therefore set up and an early result of its deliberations was to appoint on 1st May 1972 an Under-Secretary as Director Regional Organization (DRO), with responsibility for the direction, co-ordination and control of Social Security operations in the 12 Regions. From that date the Regional Controllers were accountable to the DRO for the results they achieved: he subsequently became accountable for the collective performance of the Regional Organization to the Deputy Secretary Administration who in turn became accountable for this purpose to the Second Permanent Secretary. Thus an unbroken management line of command reaching from the Second Permanent Secretary down to EO supervisors in local offices was established.

Concurrently with the appointment of the DRO, organizational changes were made to equip him with the necessary supporting services. These changes necessitated the revision of the responsibilities of three divisions in particular—Establishments, Management Services and the Management and Manpower Division. The latter shed most of its responsibilities for the Department as a whole, acquired other responsibilities which were related solely to Social Security operations in the field and was restructured to form the new Regional Directorate with three Branches:

(*a*) A Control and Information Branch dealing with complementing and the collection and interpretation of information.
(*b*) A Projects Branch providing management services and training facilities.
(*c*) An Operations Branch responsible for the organization of the Regions, control of emergency operations (such as strikes and epidemics) and the scrutiny of proposed changes in policy or legislation in order to ensure that the management implications are fully understood before irrevocable decisions are taken.

It was always intended that MbO should be adapted to become the normal style of management for the Regional Directorate (RD) itself and during the review which led to the setting up of RD, draft management guides were written for the DRO and his Branch heads. The organization of duties among the three Branches was also analysed in terms of each Branch's contribution to the DRO's key result areas. Since then a start has been made with the analysis of jobs at Senior Principal level and below in the Projects Branch of the Directorate but progress has been handicapped by shortages of management adviser time for the exercise, and quantification problems. The latter, however, no longer seem to present insuperable obstacles and a new approach is being developed in which attention is focused initially on the definition of the KRAs of structural groups from which the contributions of individuals are identified by an analysis of tasks and responsibilities.

One other major problem facing the Directorate is the need to

establish a comprehensive information system. Groundwork in the Regional/Local Office project, and the studies of the team whose recommendations led to the appointment of the DRO, revealed a lack of reliable information about performance in KRAs of Social Security operations. The information needs of the DRO and the Directorate have been examined and a system designed to enable performance in the Regions to be monitored, to identify situations calling for the intervention of the Directorate, and provide a basis for the negotiation of objectives with Controllers. An examination of the requirements of administrative Divisions and other bodies for statistical information from the Regional Organization and to develop more efficient means of providing them is also now under way. A combined management/statistical information system began to operate in all Regions in November 1974, but the new MIS did not become the uniform basis of performance standards in all Regions until the four-week period beginning 24th April 1975 (the beginning of an Objective Year—see next paragraph). This has been a mammoth task and, although it is hoped soon to have the system working reasonably well, it is likely that refinements will need to be developed over the next few years in the light of operating experience.

Despite the obvious handicaps imposed by the absence of a satisfactory information system and the fact that the Directorate itself is not functioning fully on MbO lines, a procedure has been designed to enable the DRO's objectives and the contributory objectives of his 12 Controllers to be developed and implemented on the basis of an annual cycle known as 'The Objective Year'. The exercise began in March 1972 when each administrative Division was asked to state its requirements from the regional organization, set in order of priority, for 1973. Replies from the Divisions were summarized to form a composite picture of the regional organization's foreseeable future workload (i.e. inescapable tasks) and suggestions were then sought from Controllers and heads of the Directorate Branches for improvement objectives for the DRO's command as a whole. A draft list of objectives was produced and, after consultation with Controllers, was agreed by the Departmental Staff Side and the Second Permanent Secretary and notified to Controllers.

Subsequently this was changed in two important ways. First, a much more determined effort is now made to seek the views of staff and their representatives in deciding what should be the priority areas for the following year; and second, when these priority areas for the regional organization as a whole are issued, operational staff and line management decide not only what contribution they can make to them, but whether, because of their particular situation, they need to have different objectives not necessarily related to the main priority areas. A further development in this area arises from the need to set these priorities against a realistic planning timetable, to avoid repeating in subsequent years those in which it was clear from the outset that very

limited progress could be made in one year, e.g. overcoming accommodation and staff recruitment difficulties.

It is clear from the foregoing that much still remains to be done but all Controllers have accepted their accountability to the DRO and generally welcome the new situation, in which their work and interests are clearly represented by one senior officer in headquarters. There has been a noticeable improvement in the control and planning of field operations without any adverse reaction from administrative Divisions some of whom like their counterparts in Regional Offices have lost managerial authority which they held before the changes were made. Problems, however, remain for the future, not least of which is that of obtaining from administrative Divisions annual statements of their priorities so as to establish in precise terms the load imposed by inescapable tasks which will determine what resources are likely to remain available for Regional improvement objectives.

What the last two years have demonstrated is that the development of accountable management through the medium of MbO suitably adapted to the regional organization, has been and will continue to be crucially dependent upon the Directorate's ability to match resources and commitments in terms of staff, accommodation and equipment. This can pose harsh choices in the light of the scale of activities involved, e.g. either to increase resources to ensure that the tasks can be carried out on time and to an acceptable standard of performance, or to restrict the commitment to what resources are currently available.

An undertaking given by the Secretary of State at the time of our last outbreak of widespread industrial action in the summer of 1974 was of particular significance in this context. It was: 'Recognizing the real problems involved I have undertaken that everyone in the Department—Ministers and officials alike—will do their utmost so to plan future programmes of major social security operations that peaks and troughs of activity are, as far as is possible, avoided and that any necessary additional staff are recruited and trained in time to take a share of the additional load'.

Summing up

This project resulted from the recognition of the need to establish better means of controlling activities in Regions and it is well on the way to solving many of the difficulties which have been experienced in the past. There is little doubt that it will result in a genuinely on-going system which will not need external stimulus and will stand up to changes of personnel. Its effectiveness is, however, reduced because it has not yet been possible to adopt the system throughout the rest of headquarters, not that this has yet led to any particularly serious difficulty.

It would probably have been better if this project had preceded the regional and local office exercises so that an effective organization at headquarters could have been in being and ready to accept and deal

with the products of MbO in the field. On the other hand it is difficult to judge whether it would have been possible to design the Directorate without first learning the lessons provided by the regional and local office project.

Postscript

I began by saying that I had written this with some misgivings and this was solely because the project still has some way to go before it is completed. We have still far too little experience of MbO as an on-going system to be able to speak confidently about its effects and it may well be that such improvements as have been noticed are a 'Hawthorne' effect rather than a lasting product of MbO. It has certainly become clear that team work and participation increases as progress towards MbO is made, but it could be argued that these are prerequisites rather than products of MbO. With the recent climate of staff relations still fresh in mind it seems a little artificial to comment on job satisfaction and morale, but there are signs that staff are beginning to welcome and take the opportunity to play a fuller part in decisions which affect them and their jobs. It is by no means uncommon to hear managers volunteering the information that they will not return to the old style of management even if the Department as a whole were to abandon MbO.

It is probably true to say, however, that there is as yet no general view of MbO and the contribution which it is making or may be expected to make to the needs of the organization. Within headquarters there is no experience of MbO on the Health side and even on the Social Security side only a very small proportion of the staff have come into contact with it. Perhaps the main impressions are that:

(*a*) MbO is costly in staff time to install, and adequate staff provision must be made for this process.

(*b*) In policy divisions an entirely different style of MbO from that used in the regions would be required; it is difficult to see how, in the foreseeable future, continually hard-pressed policy branches in headquarters can take time off to work out and introduce whatever form of MbO would be best suited to their needs.

(*c*) MbO can lead not only to better management but usually reveals the need for more management at any rate during the implementation period; there must be a readiness to provide what experience shows to be necessary during this critical phase.

(*d*) It should assist in the establishment of priorities, and the forecasting and allocation of resources needed to match the commitments to be undertaken.

(*e*) It should lead to improvements in organization, in appreciation of the results being achieved and in the means of control.

(*f*) It should encourage participation and initiative at all levels in the organization.

(*g*) It will create a demand that many difficult problems, which may

have been set aside for a long time (often because staff resources were insufficient to deal with them), should be tackled in order to increase the scope for achieving objectives and improving standards. And the new system will be discredited if management takes no action to tackle them, and cannot produce convincing reasons for not doing so.

In conclusion I ought to be able to say what the future promises in relation to MbO, but this is not easy. We are committed in the regional organization and the Blackpool Central Office and a start has been made in the Newcastle Central Office. These units account for about 90 per cent of the Department's staff. Machiavelli did not underestimate the difficulties, but the effort seems well worth while when one begins to see the prospects of success. We can, I think with justification, claim to be aware of the need to adapt this style of management to the needs of the Department and not subordinate the aims and objectives of management in Government to 'a thoroughgoing commercial approach', with all the inherent dangers so admirably outlined by the former Chief Executive of the Property Services Agency, Mr. J. C. Cuckney, in the August 1974 edition of this journal.

Management Consultants in Government

We have from time to time published lists of management consultancy assignments commissioned by Government Departments. The last such list, covering the calendar year 1973, appeared in the May 1974 edition of MANAGEMENT SERVICES IN GOVERNMENT.

A list of such assignments commissioned during the calendar year 1974 now follows. The list excludes:

(*a*) Assignments in the National Health Service.
(*b*) Computer consultancy (including assistance with computer systems and programming).
(*c*) The employment of consulting staff, whether on secondment from their firms or not, to augment departmental teams.

Department	*Nature of assignment*	*Consultant used*
Civil Service Department ..	Study of departmental libraries' reserve material	P-E Consulting Group Ltd.
Ministry of Defence (Procurement Executive)	To review universal maintenance standards at ROF Enfield	H. B. Maynard & Co. Ltd.
	To study management control and information in the field of naval material management	Inbucon/AIC Ltd.
Department of the Environment..	Feasibility study of an incentive bonus scheme in PSA Supplies Division Stores	Productivity & Management Services Ltd.
	To advise DOE, HM Treasury and British Railways Board on aspects of the new Railways Support Grant	Peat, Marwick, Mitchell & Co.
	Research into efficiency of resource usage	Urwick Technology Management Ltd.
	Study of the effect of uncertainty in objectives in structure planning	Local Government Operational Research Unit
	Further research into estimating the value of travel time	Local Government Operational Research Unit
	Review of local authority management information systems	McKinsey & Co. Inc.
	Research into the valuation of life	Scientific Control Systems Ltd.
	Improving promotional effectiveness of Housing Development Directorate	PA Management Consultants Ltd.
Department of Health and Social Security..	Development of criteria for decisions on upgrading hospital building stock	Arthur Anderson & Co.
	To study the work flow and information within and between local Social Security Offices	Orcon Services Ltd.
	To introduce MbO into the Establishments and Organization Branch, Central Office, Newcastle upon Tyne	Urwick Orr & Partners Ltd.
	To assist NHS planning systems in compiling a guide to corporate planning in the NHS	McKinsey & Co. Ltd.
	To develop a classification of patient groups among the mentally ill	Nimrod Consultancy Services Ltd.

Department	*Nature of assignment*	*Consultant used*
Department of Health and Social Security—*continued*	Use of pathology laboratory simulation model at the University Hospital of Wales and Poole District General Hospital	Peat, Marwick, Mitchell & Co.
	Application of a macro-model on a run and maintain basis	Scientific Control Systems Ltd.
	Development of a national incentive bonus scheme for the ambulance service	Inbucon/AIC Ltd.
Department of Industry	To report on prospects for investment in the UK by German industry	A. T. Kearney & Co. Ltd.
	To assess the possible use of the factory and labour force of a Kirby development	Inbucon/AIC Ltd.
	To study the implications of the three-day week on industry	Inbucon/AIC Ltd.
	To undertake a feasibility study into the future survival and production of Propytex Ltd.	Corporate Development Associates
	To study the world use of space systems	General Technology Systems Ltd.
	To study the Small Firms Information Service	ICFC/Numas Ltd.
	To study marketing techniques at Warren Spring Laboratory	P-E Consulting Group Ltd.
	To study materials handling costings in two sectors of industry	Cranfield Institute of Technology
	To make preliminary report on prospects for investment in UK by Danish industry	Arthur Anderson & Co.
Scottish Office	To undertake a survey of the remuneration of chemists in Scotland on behalf of the Pharmaceutical Whitley Council (Committee B)	PA Management Consultants Ltd.
	To design a manpower model for nursing staff employed in the hospital service in Scotland	Institute of Operational Research
	To assist in the piloting and evaluation of a new system of social work service returns	Institute of Operational Research
Her Majesty's Stationery Office ..	To investigate rates of pay in printing works as compared to Government works	Economist Intelligence Unit

Book News

MANAGEMENT SERVICES HANDBOOK—TYPING SERVICES

Published by the Civil Service Department in the General Service Forms series (E. 125)

A series of handbooks, primarily intended to provide guidance for staff in Management Services units, is being prepared by the Civil Service Department Management Services Division and one of these, *Typing Services*, has now been published; Government Departments may obtain copies from HMSO through their normal publication demand procedures. Although, like the other volumes planned, *Typing Services* is designed for those who have to carry out assignments, in this case we hope that Controllers of Office Services and other staff who are directly responsible for typing services, such as Superintendents of typing pools, may also find the contents useful.

The handbook is a summary of the experience of Management Services in examining the problems of typing services and gives an indication of current lines of thought in the Civil Service. The subjects covered include the aims and responsibilities of a typing service, its organization and management, measurement of typing output, quality standards and the office environment.

Although the handbook has been produced with a background of Civil Service experience the subjects have been treated in a general way and therefore may be of interest outside the Service. Copies are available from Civil Service Department (MSISS), Room 2/100 Old Admiralty Building, Whitehall, London SW1A 2AZ, price 45p, including postage.

JOB EVALUATION—A CRITICAL REVIEW

By Bryan Livy. *Published by George Allen & Unwin Limited, price £5.25*

Why don't we use Job Evaluation to achieve unified grading in the Civil Service? Fulton recommended that we should!
I don't know how you can expect to grade jobs properly in a big organization like the Civil Service if you don't use numerical JE!
JE can't really lead to a proper comparison of functionally dissimilar jobs; to say you can make a proper comparison is like arguing that you can judge apples against bananas.
One single JE scheme (or even a dozen) would be of no use in a big organization like the Civil Service.
Bill Snooks went to a seminar run by XYZ (Consultants Ltd): he said their system of JE is the best there is.
JE isn't an exact science you know: there's a load of subjectivity in it.
Is it true that you can fiddle JE schemes?
In order to avoid all these strikes we should have a National JE scheme.
A National JE scheme would be an open sesame to rampant inflation.
Is there a standard book on JE you can recommend?

Anyone in the Civil Service who has been connected with job evaluation (whether quantified or unquantified) has probably met all the above questions, opinions and statements (true, partly true and false).

In this review we can take but one of them: the '. . . standard book . . . ' question. To answer this question, based on the few dozen books on the subject I had previously read, I would have found it difficult to single one out for the interested, inexpert reader. Now, having read Bryan Livy's book, which is one of the relatively few books

on JE in which the author isn't either trying to sell a panacea or a particular package, I would place it half a length ahead of the field. He deals with the subject thoughtfully, in some depth and with a refreshing (dare I use that dirty word in JE circles?) objectivity. In the course of the book all the Aunt Sallies put up in the quotes at the beginning of this review are examined, commented on, sorted, put in perspective or smashed.

For the general reader, *Chapter* 2: *The Socio-Psychological aspects of pay* can probably be skimmed. Valuable though it is to set out the role of pay in the range of motivators for human behaviour and performance, it is, perhaps, a little profligate to devote a chapter of 21 pages, out of 148 pages of actual text, to such a full résumé (with some 35 references to research projects) of work done in the behavioural research field.

For the expert . . . ? Job evaluation practitioners probably rival actresses in the exquisite quality and volume of the faint praise they distil and with which they annihilate their contemporaries' efforts. As an impenitent member of that hypercritical, fratricidal bunch of practitioners, I regret to say I found no more than a handful of minor points with which to jab Bryan Livy's book.

That, so be it, is praise indeed.

D. B.

CODE OF PRACTICE FOR THE USE OF MANAGEMENT CONSULTANTS BY GOVERNMENT DEPARTMENTS (Second edition)
Published by Her Majesty's Stationery Office, price 31p

A second edition of the *Code of Practice for the Use of Management Consultants by Government Departments*, first published in 1970, has recently been published. Departments may obtain copies from HMSO through their normal publication demand procedures. Persons and organizations outside the Service may obtain copies from any one of the seven Government Bookshops in the U.K. or through booksellers.

Letters to the Editor

O & M—The Professional Approach

Dear Sir,

May I refer to Mr. Ryan's letter in the February 1975 edition and say that I am surprised to find that he has discovered only two points of view on the ethical approach of an O & M officer to an assignment. Surely he must realize that he is merely defining each end of a very broad spectrum into which most O & M officers would fall. I do not think that any useful purpose is served by condemning one or other end of this broad range. In particular circumstances there could be merit in one or other of these extremes; more often merit is likely to lie somewhere between the two.

Yours faithfully,

M. Cohen
Welsh Office, Cardiff

Dear Sir,

As a 'time-server' of nearly 30 years' standing, may I contribute to Mr. Ryan's debate. In my view both schools of thought are correct; in other words the good O & M man is a professional tool.

He is professional in the sense that he brings a degree of detachment and specialist skills and expertise to bear on managerial problems. But he is a tool because he is in the service of management and not an end in himself. Thus management commissions his services and in the last analysis decides whether to implement his advice.

Of course the more experienced and persuasive the O & M man the more likely he is to sell his ideas but history is riddled with examples of 'right' but unacceptable recommendations. The best O & M-ers have always collaborated with their customers to fashion solutions related to the needs and capabilities of the moment.

I began by suggesting that Mr. Ryan had raised an unreal dichotomy. But if I were compelled to choose I would, in the last analysis, rather be a pragmatic tool than a pontifical professional. In these days of participation, Mr. Ryan's purists are, with respect, pointed in the wrong direction.

Yours faithfully,

C. J. Hancock
Civil Service Department, London

Dear Sir,

Mr. Ryan in his letter in your February issue defines the two ends of the O & M spectrum—at one end the high minded, quality, independent, internal consultant and at the other, the O & M Unit as a practical tool of management. In so doing he defines the dilemma of the individual O & M officer. It is a dilemma which has always subsisted and I am surprised that the head of Specialized Training Wing of the Civil Service College should have recognized it only in recent months.

At one end of the spectrum, it is relatively easy to act in independent fashion and to make quality recommendations but the facts are that:

(*a*) We are not independent of the organization which pays our salaries—professions which see themselves as providing 'pure' professional advice without regard to the purpose or constraints of the organization which they serve are an expensive encumbrance.
(*b*) High quality recommendations are like prepared speeches, not worth the paper on which they are written if they are not implemented.

At the other end of the spectrum an officer specially selected for O & M must not allow himself to be used as a ' tool' of management in the sense which Mr. Ryan seems to imply of doing management's bidding.

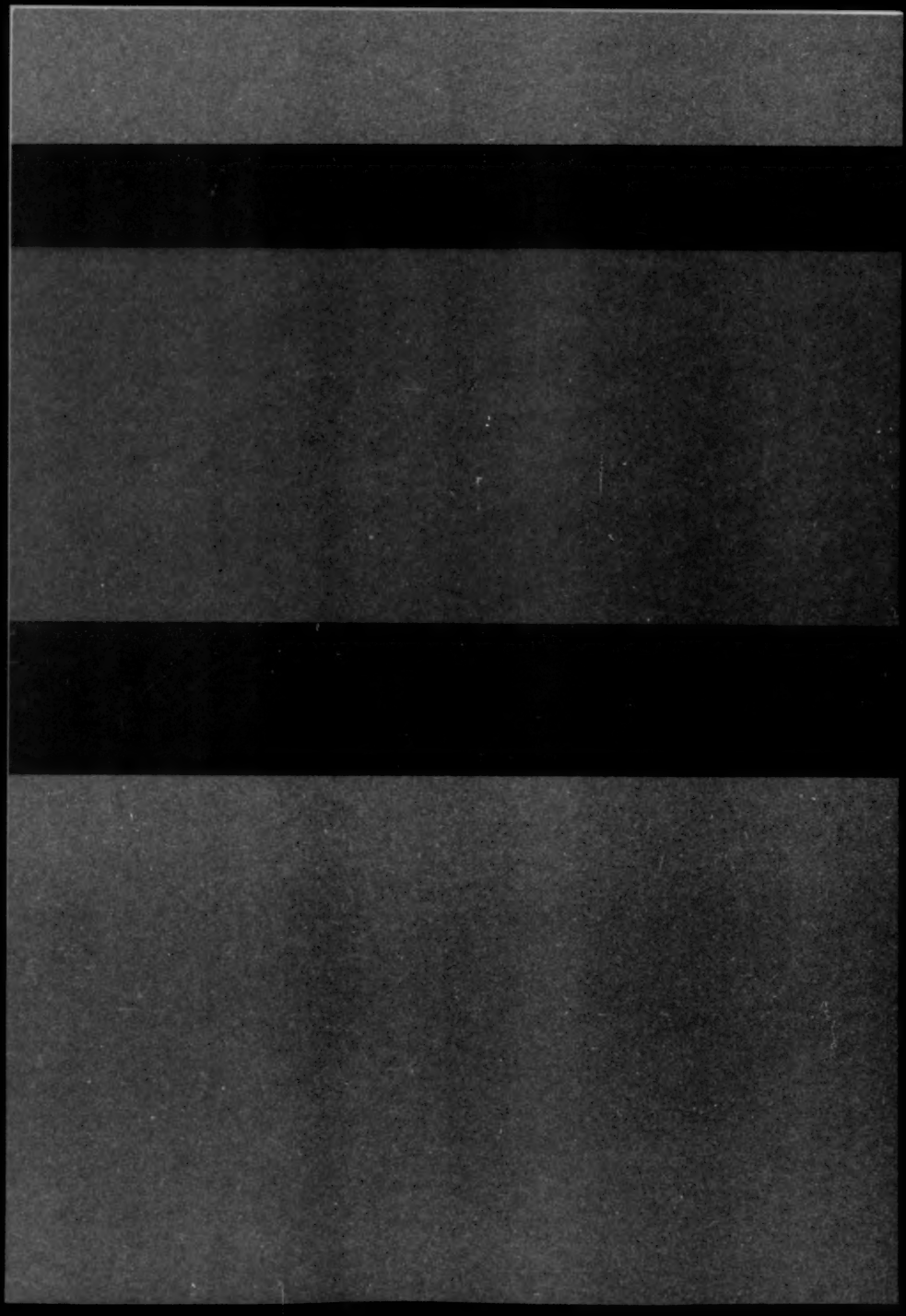
The real job of the practising O & M Unit—and it is one which demands higher qualities than either of the jobs at the two ends of the spectrum—is to provide to management an objective service which will elicit the facts, present arguments

leading to conclusions, then consider modifying these conclusions to take account of the pressures under which management work not least being the constraints of manpower and of accommodation. Does it surprise anyone these days in the Civil Service that the best laid schemes of management and O & M 'gang aft agley' simply because of accommodation problems?

But even more significant for the O & M officer than these 'management' constraints is the human pattern of behaviour. In this I include the management style which an individual develops for good or evil over the years and the natural human fear of change particularly when suggested from outside. The good O & M officer while retaining his missionary zeal will yet recognize that he is not God and that his ability to influence human behaviour even if only at work is limited. If he fails to recognize this he will either become frustrated and therefore less and less effective or will translate himself into the higher reaches of O & M training where the practical difficulties of O & M are not so obtrusive.

In my view the aim of an internal O & M Unit is to get improvement. The professionalism of the practising O & M officer is to recognize the situation where he goes for broke and tries to sell the high quality, independent, no compromise recommendations; but to acknowledge too the other situation where he compromises while yet recognizing the point beyond which he can compromise no further. There is no doubt in my mind that the exercise of judgment in this way is the highest demand made upon individual O & M officers and that in order to exercise it wisely he (or she) requires to make himself a professional in every sense of the word.

Yours faithfully,

M. B. Farquhar
Scottish Office, Edinburgh

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